

ORDINANCE 251-89

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WILLOW PARK, TEXAS AUTHORIZING THE ISSUANCE OF \$300,000 "CITY OF WILLOW PARK, TEXAS GENERAL OBLIGATION BONDS, SERIES 1989", LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX FOR THE PAYMENT OF THE BONDS; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT PERTAINING THERETO; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council (the *Council*) of the City of Willow Park, Texas (the *City*), hereby finds and determines that general obligation bonds in the total principal amount of \$300,000 should be issued and sold at this time, being the second installment or series of general obligation bonds approved and authorized to be issued at an election held on February 9, 1985; the respective authorized purposes and amounts authorized to be issued therefor, amounts previously issued, amounts being issued pursuant to this ordinance, and amounts remaining to be issued from such voted authorizations subsequent to the date hereof being as follows:

<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Previously Issued</u>	<u>Amount Sold This Sale</u>	<u>Unissued Bonds</u>
<u>Revenue Bonds</u>				
Waterworks System acquisition and extension	\$2,000,000	\$2,000,000	-0-	-0-
<u>General Obligation Bonds</u>				
Waterworks System acquisition and extension	\$850,000	\$550,000	\$300,000	-0-

WHEREAS, the City Council hereby finds and determines that the issuance of the general obligation bonds is in the best interests of the citizens of the City, now, therefore,

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

TEXAS THAT:

SECTION 1: Authorization - Designation - Principal Amount - Purpose. General obligation bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$300,000, to be designated and bear the title "City of Willow Park, Texas General Obligation Bonds, Series 1989" (the Bonds), for the purpose of purchasing, constructing, improving, and extending a waterworks system for the City in conformity with the laws of the State of Texas, particularly Texas Revised Civil Statutes Annotated Article 823, as amended.

SECTION 2: Fully Registered Obligations Authorized Denominations - Stated Maturities - Interest Rates Date. The Bonds are issuable in fully registered form only; shall be dated February 1, 1989 (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 February 1 in each of the years and in principal amounts (the Stated Maturities) and bear interest on the unpaid principal amounts from the Bond Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at per annum rates, while Outstanding, in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
1991	20,000	9.50
1992	25,000	9.50
1993	25,000	9.50
1994	25,000	9.50
1995	30,000	8.00
1996	30,000	7.60
1997	30,000	7.70
1998	35,000	7.75
1999	40,000	7.80
2000	40,000	7.80

SECTION 3: Payment of Bonds Paying Agent/ Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable, without exchange or collection charges to the Holder (as hereinafter defined), appearing on the registration and transfer books maintained by the Paying Agent/Registrar (hereinafter defined), 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, computed on the basis of a 360-year of twelve 30-day months, at the per annum rates established in Section 2, and interest thereon shall be payable on February 1 and August 1 of each year (the Interest Payment Date) commencing February 1, 1990.

The selection and appointment of Texas American Bank, Fort Worth, N.A., Fort Worth, Texas to serve as the initial Paying Agent/Registrar (the *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 corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment, and transfer of the Bonds, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached hereto in substantially final form as Exhibit A, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The City covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are Outstanding, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution, or (ii) an association or corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers. Such Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and shall be authorized by law to serve as a Paying Agent/Registrar.

The City reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or order terminating such agency. Additionally, the City agrees to promptly cause a written notice of this substitution to be sent to each Holder by United States Mail, first-class postage prepaid, which notice shall also give the address of the principal corporate office of the successor Paying Agent/Registrar.

Both principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the registered owner of the Bonds (the *Holder or Holders*) appearing on the Security Register (i) on the Record Date (hereinafter defined) for purposes of paying interest thereon, and (ii) on the date of surrender of the Bonds for purposes of receiving payment of principal thereof upon redemption of the Bonds or at the Bonds' Stated Maturity. The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Bond for purposes of receiving payment and all other purposes whatsoever, and 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 principal corporate trust office. Interest on the Bonds shall be paid to the Holder whose name appears in the Security Register at the close of business on the fifteenth day of the month next preceding the Interest Payment Date for the Bonds (the *Record Date*) and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States Mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, premium, if any, or interest on the Bonds 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 day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Bonds 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 (the *Special Payment Date*--which shall be fifteen (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 Holder 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 February 1, 1996 shall be subject to redemption prior to Stated Maturity, at the option of the City, on February 1, 1995, or on any Interest Payment Date thereafter, as a whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity at random and 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 at random and 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 Holder of a Bond to be redeemed in whole or in part at the address of the Holder 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 Holder.

E. Transfer/Exchange of Bonds. Neither the City nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or, (2) to transfer or exchange any Bond selected for redemption, provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond which is subject to redemption in part.

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 corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder.

If a Bond is subject by its terms to 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) so called for redemption shall become due and payable, and if money sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Bonds (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Bonds shall not be deemed to be Outstanding.

SECTION 5: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. A Security Register relating to the registration, payment, transfer, or exchange of the Bonds shall at all times be kept and maintained by the City at the principal corporate trust 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 every owner of the Bonds, or, if appropriate, the nominee thereof. 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 Holder, 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 Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond at the principal corporate trust 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 interest rate and aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, 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 corporate trust office of the Paying Agent/ Registrar. Whenever any Bonds are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds executed on behalf of, and furnished by, the City to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the principal corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same debt, 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 Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder 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 debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any Bond registered and delivered pursuant to Section 15 in lieu of a mutilated, lost, destroyed, or stolen Bond which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 6: Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor, or Mayor Pro Tem, under its seal reproduced or impressed thereon, and attested 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, Texas

Revised Civil Statutes Annotated Article 717k-6, 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, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or registered and delivered.

SECTION 7: Initial Bond(s). The Bonds herein authorized shall be issued initially either (i) as a fully registered bond in the total principal amount of \$300,000 with principal installments to become due and payable as provided in Section 2 and numbered T-1, or (ii) as one (1) fully registered Bond for each year of Stated Maturity in the applicable principal amount, interest rate, and denomination and to be numbered consecutively from T-1 and upward (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 and certified and registered by the office of the Comptroller of Public Accounts of the State of Texas. At any time after the delivery of the Initial Bond(s) to the initial purchasers, the Paying Agent/Registrar, upon written instructions from the purchasers, or his or their designee, 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 Holders named and at the addresses identified therefor; all in accordance with and pursuant to such written instructions from the initial purchasers, or his or their designee, 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 insurance legends in the event the Bonds, or any Stated Maturities thereof, are insured insurance and any reproduction of an opinion of counsel) thereon as may, consistent herewith, be established by the City or determined by the officers executing the Bonds as evidenced by their execution thereof. Any portion of the text of any Bond 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 the 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.

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B. Form of Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF PARKER
CITY OF WILLOW PARK, TEXAS
GENERAL OBLIGATION BOND,
SERIES 1989

Interest Rate:

Bond Date:
February 1, 1989

Stated Maturity:

CUSIP NO:

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

The City of willow Park, Texas (the *City*), a body corporate and municipal corporation in the County of Parker, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above (the *Holder*), or the registered assigns thereof, 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 (computed on the basis of a 360-day year of twelve 30-day months) from the Bond Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, while outstanding, at the per annum rate specified above; such interest being payable on February 1 and August 1 of each year (the *Interest Payment Date*) commencing February 1, 1990.

Principal and premium, if any, of this Bond shall be payable to the Holder hereof, upon presentation and surrender, at the principal corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest shall be payable to the Holder 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 fifteenth day of the month next preceding the 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. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States Mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to

the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$300,000 (the Bonds) pursuant to an ordinance adopted by the governing body of the City (the Ordinance), for the purpose of purchasing, constructing, improving, and extending City's waterworks system, in conformity with the laws of the State of Texas, particularly Texas Revised Civil Statutes Annotated Article 823, as amended.

The Bonds stated to mature on and after February 1, 1996 may be redeemed prior to their Stated Maturities, at the option of the City, on February 1, 1995, 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 at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States Mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the ordinance. If this Bond is of a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its principal corporate trust office, a new Bond or Bonds of like Stated 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 (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption has been 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, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the City or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property within the City.

Reference is hereby made to the ordinance, copies of which are on file in the principal corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions

of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; 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 Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its Stated Maturity or redemption and 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.

As provided in the Ordinance and subject to certain limitations contained therein, this Bond is transferable on the Security Register of the City, upon surrender of this Bond for transfer at the principal corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon 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 to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any date for all other purposes, and neither the City nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. 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 (the *Special Payment Date*--which shall be fifteen (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 Holder 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, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to or in the issuance of this Bond in order to render the same a legal, valid, and binding obligation of the City have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that the issuance of this Bond does not exceed any constitutional or statutory limitation. 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 of this ordinance 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 has caused this Bond to be duly executed under its official seal.

CITY OF WILLOW PARK, TEXAS

Mayor

ATTEST:

City Secretary

(CITY 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 §
OF PUBLIC ACCOUNTS § REGISTER NO.
THE STATE OF TEXAS §
§

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)

* NOTE TO PRINTER. Do not print on definitive bonds.

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

This Bond has been duly issued 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

Registered this date:

_____ BY _____
Authorized Officer

* NOTE TO PRINTER: Do not print on the Initial Bond

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 number:) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

.....
.....

attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

NOTICE: The signature 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.

Signature guaranteed:

.....

F. The Initial Bond(s) shall be in the form set forth in paragraph B of this Section, except that the form of the 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. the first two paragraphs shall read as follows:

The City of Willow Park, Texas (the *City*), a body corporate and municipal corporation in the County of Parker, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered owner named above (the *Holder*), or the registered assigns thereof, on the first day of February in each of the years and in Principal Amounts and bearing interest at per annum rates in accordance with the following schedule:

YEAR OF
STATED MATURITY

PRINCIPAL
INSTALLMENTS (\$)

INTEREST
RATE (%)

(Information to be inserted from
schedule in Section 2 hereof).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amounts hereof from the Bond Date or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, while outstanding, 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 February 1 and August 1 of each year (the *Interest Payment Date*) commencing February 1, 1990.

Principal of this Bond shall be payable to the Holder hereof, upon presentation and surrender, at the principal corporate trust office of Texas American Bank/Fort Worth, N.A., Fort Worth, Texas (the *Paying Agent/Registrar*). Interest shall be payable to the Holder 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 fifteenth calendar day of the month next preceding the 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. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States Mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

G. Insurance Legend. If bond insurance is obtained by the Purchaser (hereinafter defined), the Definitive Bonds and the Initial Bond(s) shall bear an appropriate legend as provided by the insurer.

SECTION 9: Definitions. For all purposes of this Ordinance (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, certain terms used in Section 16 of this Ordinance have the meanings assigned to them such Section, and all such terms, include the plural as well as the singular; (ii) all references in this Ordinance to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this ordinance as originally adopted; and (iii) the words "herein", "hereof", and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

Bonds shall mean the "City of Willow Park, Texas General Obligation Bonds, Series 1989", dated February 1, 1989, authorized by this Ordinance.

City shall mean the city of Willow Park, located in the County of Parker,

Texas.

Closing Date shall mean the date of physical delivery of the Initial Bonds in exchange for the payment in full by the Purchaser thereof.

Government Securities shall mean direct obligations of the United States of America, including obligations the payment of principal of and interest on which is 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.

Holder or Holders shall mean the registered owner, whose name appears in the Security Register, for any Bond.

Ordinance shall mean the ordinance adopted by City Council on February 22 , 1989 authorizing the issuance of the bonds.

Outstanding shall mean, as of the date of determination, all Bonds issued and delivered under this Ordinance, except:

- (1) those Bonds 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 17 of this Ordinance by the irrevocable deposit with the Paying Agent/ Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to Stated 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 15 of this Ordinance.

Purchaser shall mean the initial purchaser or purchasers named in Section 19 of this Ordinance.

Stated Maturity shall mean the annual principal payments of the Bonds payable on February 1 of each year the Bonds are Outstanding as set forth Section 2 of this Ordinance.

SECTION 10: Bond Fund. For the purpose of paying the interest on

and to provide a sinking fund for the payment, redemption, and retirement of the Bonds, there shall be and is hereby created a special Fund to be designated "SPECIAL GENERAL OBLIGATION BONDS, SERIES 1989, INTEREST AND SINKING FUND" (the *Bond Fund*), which Fund shall be kept and maintained at the City's depository bank, and money deposited in such Fund shall be used for no other purpose and shall be maintained as provided in Section 16. Authorized officials of the City are hereby authorized and directed to make withdrawals from the Bond Fund sufficient to pay the principal of and interest on the Bonds as the same become due and payable and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Bond Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Bonds, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Bonds.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Bond Fund may, at the option of the City, be placed in time deposits or certificates of deposit, as permitted by the provisions of the Public Funds Investment Act, as amended, Texas Revised Civil Statutes Annotated Article 842a-2, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities including, but not limited to, 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, Small Business Administration, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from the Bond Fund will be available at the proper time or times. All interest and income derived from deposits and investments in said-Bond Fund shall be credited to, and any losses debited to, the Bond Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

SECTION 11: Levy of Taxes; Excess Bond Proceeds. To provide for the payment of the debt service requirements on the Bonds being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at Stated Maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current year and each succeeding year thereafter while the Bonds or any interest thereon shall remain Outstanding, a sufficient tax on each one hundred dollars valuation of taxable property in the City, adequate to pay such debt service requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the debt service

requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Bond Fund. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said debt service requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

Accrued interest and premium, if any, received from the Purchaser of the Bonds shall be deposited to the Bond Fund and ad valorem taxes levied and collected shall be deposited to the Bond Fund. In addition, any surplus proceeds from the sale of the Bonds not expended for authorized purposes shall be deposited in the Bond Fund, and such amounts so deposited shall reduce the sum otherwise required to be deposited in the Bond Fund from ad valorem taxes.

SECTION 12: Security for Funds. All money on deposit in the Fund for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and money on deposit in such Fund shall be used only for the purposes permitted by this Ordinance.

SECTION 13: Notices to Holders-Waiver. Wherever this Ordinance provides for notice to Holders 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 Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds or Holders. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder 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 Holders 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 14: 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 15: Mutilated - Destroyed - Lost and Stolen Bonds. If (i) 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 (ii) 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 the City's 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 interest rate 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, or payment in lieu thereof, under this Section, the City may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses and charges (including attorney's fees and 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 16: Covenants to Maintain Tax-Exempt Status.

A. Definitions. When used in this Section, the following terms have the following meanings:

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Costs of Issuance*” means all costs incurred in connection with the issuance of the Bonds, including but not limited to, underwriters' spread, counsel, financial advisor, rating agency, trustee, paying agent, certifying and authenticating agent and accountant fees, printing costs, costs in connection with required public approval process, costs of engineering and

feasibility studies related to the issuance of the Bonds and any other costs so treated by Treasury Regulations.

“Gross Proceeds” when used with respect to the Bonds or any other issue of obligations of the City, means original proceeds, amounts received (including repayments of principal) as a result of investing the original proceeds of the issue, transferred proceeds, sinking fund proceeds, amounts invested in a reasonably required reserve or replacement fund, securities or obligations pledged by the City as security for payment of debt service on the Bonds or such other issue, and any other amounts used to pay debt service on the Bonds or such other issue, together with earnings from the investment of the foregoing.

“Investment” means

- (1) a share of stock in a corporation or a right to subscribe for or to receive such a share,
- (2) any indebtedness, evidence thereof, or obligation, including without limitation United States Treasury bonds, notes, and bills (whether or not of State and Local Government Series) and bank deposits, (whether or not certificated or interest bearing or made pursuant to a depository contract),
- (3) any annuity contract, or any other deferred payment contract acquired to fund an obligation of the Issuer, or
- (4) any other property held for investment, but excluding Tax-Exempt Obligations.

“Issue Price” means the aggregate initial offering price of each Stated Maturity of the Bonds to the public, at or below which a substantial amount of each Stated Maturity of the Bonds were sold to the public, including accrued interest and premium or discount, if any. For purposes of this definition, the term "public" does not include (a) the Purchaser, (b) members of the syndicate, if any, managed by the Purchaser, or (c) any bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers that are related to, or controlled by, or are acting on behalf of or as agents for the Purchaser or members of any syndicate in which the Purchaser is participating in the sale of the Bonds.

“ Net Proceeds” means the original proceeds of the Bonds, less amounts deposited to any reasonably required reserve or replacement fund.

“Nonpurpose Investment” means any Investment in which Gross Proceeds

of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

"Purchase Price" of any Investment means

- (1) if a United States Treasury obligation acquired directly from the United States Treasury, the amount paid therefor,
- (2) if a certificate of deposit issued by a commercial bank, the bona fide bid price quoted by a dealer who maintains an active secondary market in such certificates of deposit, and
- (3) otherwise, generally the mean of the bid price and the offered price therefor on an established market on the day on which such Investment is purchased or contracted for or, if there are no bid prices and offered prices on such date, on the first day preceding such date for which there are bid prices and offered prices.

"Tax-Exempt Obligations" mean (i) obligations the interest on which is excludable from the gross income of any owner thereof under section 103 of the Code and is not an item of tax preference under section 57 of the Code, including any beneficial interest in a trust, the assets of which consist exclusively of such obligations, but excluding shares in any mutual fund which is invested in such obligations, unless such fund is a qualified regulated investment company, and (ii) one-day certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series Program.

"Yield" of

- (1) any Investment means the discount factor which, when used in computing the present value on the acquisition date thereof of all scheduled payments of principal of and interest on such Investment, results in an amount equal to the Purchase Price thereof (excluding any commissions), compounding semiannually, and
- (2) the Bonds means the discount factor which, when used in computing the present value on the Closing Date of all scheduled payments of principal of and interest on the Bonds, results in an amount equal to the aggregate Issue Prices of the Bonds of each Stated Maturity, compounding semiannually.

B. Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause

the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City shall have received a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except as permitted by section 141 of the Code and the regulations and rulings thereunder, the City shall, at all times prior to the last Stated Maturity of the Bonds,

- (1) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds and not use or permit the use of Gross Proceeds or any property acquired, constructed, or improved with Gross Proceeds in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or
- (2) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds or any property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with Gross Proceeds pending application for their intended purposes, either or both.

D. No Private Loan. Except to the extent permitted by section 141 of the code and the regulations and rulings thereunder, the City shall not use Gross Proceeds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be "loaned" to a person or entity if (1) property acquired, constructed, or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of Gross Proceeds or any property acquired, constructed, or improved with Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

E. Not to invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the final Stated Maturity of the Bonds, directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby) whether then held or

previously disposed of, exceeds the Yield of the Bonds.

F. Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the regulations and rulings thereunder.

G. Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on such form and in such place as such Secretary may prescribe.

H. Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder or except to the extent the City complies with Subsection J. of this Section:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures, and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and shall retain all records of such accounting for at least six years after the day on which the last Outstanding Bond is discharged. The City may, however, to the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than annually, the City shall calculate, in accordance with rules set forth in section 148(f) of the Code and the regulations and rulings thereunder, the excess of:

- (i) the amount earned on all Nonpurpose Investments acquired with Gross Proceeds (other than Investments attributable to an excess described in this paragraph (2)), over
- (ii) the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the Yield on the Bonds,

plus any income attributable to such excess previously calculated pursuant to this paragraph (2).

(3) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby, and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the

Bond Fund or its general fund, as permitted by applicable statute, regulation, or opinion of the Attorney General of the State of Texas, the amount described in paragraph (2) above, at the times, in the installments, to the place, in the manner, and accompanied by such forms or other information as is or may be required by section 148(f) of the code and the regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any delinquent amounts owed to it, interest thereon, and any assessed penalty.

I. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H. of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

J. No Rebate Required. The City need not comply with the covenants and duties imposed by the provisions of Subsection H. of this Section if

(1) the City is a governmental unit with general taxing powers;

(2) 95% of the Net Proceeds of the Bonds and all income from the investment thereof will be used for the governmental activities of the City;

(3) the aggregate face amount of all debt obligations issued or expected to be issued by the City or any subordinate entity in the calendar year in which the Bonds are issued (including the Bonds but excluding obligations to be redeemed with proceeds of the Bonds within 90 days after the date on which the Bonds are to be issued) is not reasonably expected to exceed \$5,000,000; and

(4) the City otherwise satisfies the requirements of paragraph (4)(c) of section 148(f) of the Code and the regulations and rulings thereunder.

K. Qualified Tax-Exempt Obligations. The city hereby designates the Bonds as qualified tax-exempt obligations for purposes of section 265(b) of the Code.

SECTION 17: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders 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 taxes levied and all covenants, agreements, and other obligations of the City under this Ordinance to the Holders shall thereupon cease, terminate, 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 Stated 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 Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities 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 money 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 money or Government Securities 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 148 of the Code (as defined in Section 16).

Any money so deposited with the paying Agent/Registrar, and all income from Government Securities 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 money has 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 money was deposited and is held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

SECTION 18: Ordinance a Contract - Amendments - Outstanding Bonds. The City acknowledges that the covenants and obligations of the City herein contained are a material inducement to the purchase of the Bonds. This Ordinance shall constitute a contract with the Holders from time to time, shall be binding on the City and its successors and assigns, 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 Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the

curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (i) 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, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission.

SECTION 19: Sale of the Bonds; Use of Bond Proceeds. The sale of the Bonds to Rauscher Pierce, Refsnes, Inc. (the Purchaser and having all the rights, benefits, and obligations of a Holder) at the price of par, plus accrued interest to the date of delivery, less a discount of \$ 7,750.00, is hereby confirmed. Delivery of the Bonds to the Purchaser shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of sale.

Proceeds from the sale of the Bonds shall be applied as follows:

(1) Accrued interest and premium, if any, received from the Purchaser shall be deposited into the Bond Fund.

(2) The balance of the proceeds derived from the sale of the Bonds (after paying costs of issuance) shall be deposited into the special construction account or accounts for the projects to be constructed with the bond proceeds. This special construction account shall be established and maintained at the City's depository bank. Interest earned on the proceeds of the Bonds pending completion of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as required by applicable law. Thereafter, such amounts shall be expended in accordance with Section 11.

SECTION 20: 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(s) pending its approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchaser.

Furthermore, the Mayor, Mayor Pro Tem, City Secretary, Director of Finance, or City Manager, either or all, 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, to make the necessary arrangements for the delivery of the Initial Bond to the Purchaser and the initial exchange thereof for definitive Bonds.

SECTION 21: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Bond Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the Holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council of the City and other officers of the City 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 remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 22: Official Statement. The City Council ratifies and confirms its prior approval of the form and content of the Official Statement prepared in the initial offering and sale of the Bonds 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 Purchaser is hereby approved and authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

SECTION 23: Printed Opinion. The Purchaser's obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Fulbright & Jaworski, Attorneys at Law, approving certain legal matters as to the Bonds, said opinion to be dated and delivered as of the date of initial delivery and payment for the Bonds. Printing of a true and correct reproduction of said opinion on the reverse side of each of the Bonds is hereby approved and authorized.

SECTION 24: CUSIP Numbers. CUSIP numbers may be printed or typed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof, and neither the City nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the Bonds.

SECTION 25: 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, Bond Counsel, and the Holders 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, Bond Counsel, and the Holders.

SECTION 26: 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 27: 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 28: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 29: 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 City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 30: 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 Texas Revised Civil Statutes Annotated Article 6252-17, as amended.

SECTION 31: Authorization of Paying Agent/Registrar Agreement. The City Council of the City hereby finds and determines that it is in the best interest of the City to authorize the execution of a Paying Agent/Registrar Agreement in order to properly manage and supervise the flow of funds mandated by the provisions of this Ordinance. A copy of the Paying Agent/Registrar Agreement is attached hereto as Exhibit A and is incorporated herein by reference as fully as if recopied in its entirety in this Ordinance.

SECTION 32: Incorporation of Preamble Recitals. The recitals contained in the preamble to this Ordinance are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council of the City of Willow Park, Texas.

SECTION 33: Effective Date. This Ordinance shall be in force and effect from and after its final passage, and it is so ordained.

[The remainder of this page intentionally left blank]

PASSED AND ADOPTED on the 22nd day of February, 1989

CITY OF Willow Park, TEXAS

J. Mark Bumpas

Mayor

ATTEST:

Aref Hassan

City Secretary

(CITY SEAL)

Exhibit A - Paying Agent/Registrar Agreement