

Draft dated April 2, 2007

**RESOLUTION AUTHORIZING THE ISSUANCE OF KENNEDALE  
ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE  
BONDS, TAXABLE SERIES 2007, APPROVING ALL DOCUMENTS  
RELATED THERETO INCLUDING AN INVESTMENT LETTER, A  
PAYING AGENT/REGISTRAR AGREEMENT, A SALES TAX  
REMITTANCE AGREEMENT, AND A PROJECT AGREEMENT, AND  
APPROVING OTHER MATTERS RELATED THERETO**

Sale Date: April 17, 2007

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**RESOLUTION AUTHORIZING THE ISSUANCE OF KENNEDALE ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS, TAXABLE SERIES 2007, APPROVING ALL DOCUMENTS RELATED THERETO INCLUDING AN INVESTMENT LETTER, A PAYING AGENT/REGISTRAR AGREEMENT, A SALES TAX REMITTANCE AGREEMENT, AND A PROJECT AGREEMENT, AND APPROVING OTHER MATTERS RELATED THERETO**

**THE STATE OF TEXAS  
COUNTY OF TARRANT**

**KENNEDALE ECONOMIC DEVELOPMENT CORPORATION**

§  
§  
§

**WHEREAS**, the City Council of the **CITY OF KENNEDALE, TEXAS** (the "City") called an election for the purpose of receiving authority to levy a sales and use tax for the benefit of an industrial development corporation created under authority of the Development Corporation Act of 1979, Article 5190.6, V.A.T.C.S., as amended (the "Act"), all pursuant to the provisions of Section 4B of the Act; and

**WHEREAS**, at an election held on August 10, 1996, a majority of the citizens of the City voting at said election authorized the City to levy a sales and use tax on the receipts at retail of taxable items within the City at a rate of one-half of one percent to be used exclusively for the purposes set forth in the Act; and

**WHEREAS**, pursuant to the provisions of the Act, the City created the **KENNEDALE ECONOMIC DEVELOPMENT CORPORATION** (the "Issuer"), a nonstock, nonprofit industrial development corporation created to act on behalf of the City to satisfy the public purposes set forth in Section 4B of the Act; and

**WHEREAS**, the Issuer, as a corporation created by an eligible city with a population of 20,000 or less, further desires to finance the following land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements, to wit: land and related improvements within the Town Center District of the City (the "Project"), which Project is hereby found by the Board of Directors to promote new or expanded business development; and

**WHEREAS**, pursuant to the requirement set forth in Section 4B(a)(3), the City Council, as the governing body of the City, has duly approved a resolution authorizing the Project after giving the resolution two separate readings; and **9-14-06 § 10-12-06 - RES. 216**

**ROBERT  
QUESTION?**

**WHEREAS**, a notice specifically describing the Project was published in *South Tarrant Star* on August 3, 2006, which notice satisfies the requirement set forth in Section 4B(a-1) of the Act; and

**WHEREAS**, in satisfaction of the requirements set forth in Section 4B(n) of the Act, the Issuer has held at least one public hearing on the proposed Project, including specifically a public hearing held on August 15, 2006; and

**WHEREAS**, the City has not received a petition from more than ten percent of the registered voters of the City requesting that an election be held before the Project is undertaken by the Corporation; and

**WHEREAS**, to evidence the obligations of the Issuer to finance the Project on behalf of the City, the Board of Directors of the Issuer hereby finds it necessary and desirable to enter into a *Project Agreement*, dated as of April 23, 2007, between the City and the Issuer; and

**WHEREAS**, in accordance with the provisions of Section 4B of the Act, the City shall timely transfer to the Issuer the proceeds of the aforesaid sales and use tax, in accordance with the terms and conditions of that certain *Sales Tax Remittance Agreement*, dated as of April 23, 2007, between the City and the Issuer; and

**WHEREAS**, the Series 2007 Bonds hereinafter authorized and designated are to be issued and delivered pursuant to the Act; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Order was passed was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code;

**THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE KENNEDALE ECONOMIC DEVELOPMENT CORPORATION THAT:**

**SECTION 1. AMOUNT AND PURPOSE OF THE SERIES 2007 BONDS.** Bonds of the Issuer are hereby authorized to be issued and delivered in the aggregate principal amount of ***\$1,200,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PURCHASE OF LAND AND RELATED IMPROVEMENTS IN THE TOWN CENTER DISTRICT OF THE CITY OF KENNEDALE, TEXAS AND FOR PAYING THE COSTS OF ISSUING THE SERIES 2007 BONDS.***

**SECTION 2. DESIGNATION OF THE SERIES 2007 BONDS.** Each bond issued pursuant to and for the purpose described in Section 1 of this Resolution shall be designated: "***KENNEDALE ECONOMIC DEVELOPMENT CORPORATION SALES TAX REVENUE BONDS, TAXABLE SERIES 2007***", and there shall be issued, sold and delivered hereunder one fully registered bond, without interest coupons, dated May 1, 2007, in the aggregate principal amount of ***\$1,200,000***, numbered R-1 (the "Series 2007 Bonds"), all payable to the initial registered owner thereof designated in Section 26 hereof, or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), and the Series 2007 Bonds shall mature and be payable on ***May 1, 2027***.

(b) *Certain Definitions.* The term "Series 2007 Bonds" as used in this Resolution shall mean and include the Series 2007 Bonds initially issued and delivered pursuant to this Resolution and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto.

**SECTION 3. INTEREST.** The Series 2007 Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF SERIES 2007 BONDS set forth in this Resolution to their respective dates of maturity or redemption at the rate of \_\_\_\_\_% per annum. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF SERIES 2007 BONDS set forth in this Resolution.

**SECTION 4. CHARACTERISTICS OF THE SERIES 2007 BONDS.** (a) *Registration and Transfer.* The Issuer shall keep or cause to be kept at the designated corporate trust office of \_\_\_\_\_ (the "Paying Agent/Registrar") books or records for the registration of the transfer and exchange of the Series 2007 Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. Attached hereto as *Exhibit A* is a copy of

the Paying Agent/Registrar Agreement between the Issuer and the Paying Agent/Registrar which is hereby approved in substantially final form, and the President and Secretary of the Board of Directors of the Issuer are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Series 2007 Bond to which payments with respect to the Series 2007 Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Series 2007 Bonds shall be made within three business days after request and presentation thereof. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Series 2007 Bond or Series 2007 Bonds shall be paid as provided in the FORM OF SERIES 2007 BOND set forth in this Resolution. Registration of assignments, transfers and exchanges of Series 2007 Bonds shall be made in the manner provided and with the effect stated in the FORM OF SERIES 2007 BOND set forth in this Resolution. Each substitute Series 2007 Bond shall bear a letter and/or number to distinguish it from each other Series 2007 Bond.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Series 2007 Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Series 2007 Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Series 2007 Bonds and Series 2007 Bonds surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing transfer and exchange of any Series 2007 Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Series 2007 Bonds in the manner prescribed herein, and said Series 2007 Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, and particularly Subchapter D and Section 1201.067 thereof, the duty of transfer and exchange of Series 2007 Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Series 2007 Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Series 2007 Bonds which initially were issued and delivered pursuant to this Resolution, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 2007 Bonds, all as provided in this Resolution. The Paying Agent/ Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Series 2007 Bonds.

(c) In General. The Series 2007 Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 2007 Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 45 days prior to any such redemption date), (iii) may be transferred and assigned, (iv) may be exchanged for other Series 2007

Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Series 2007 Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Series 2007 Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF SERIES 2007 BOND set forth in this Resolution. The Series 2007 Bond is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Series 2007 Bond issued in exchange for the Series 2007 Bond issued under this Resolution the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF SERIES 2007 BOND. The Initial Series 2007 Bond delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF SERIES 2007 BOND below, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Series 2007 Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

*(d) Substitute Paying Agent/Registrar.* The Issuer covenants with the registered owners of the Series 2007 Bonds that at all times while the Series 2007 Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Series 2007 Bonds under this Resolution, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Resolution. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Series 2007 Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Series 2007 Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Resolution, and a certified copy of this Resolution shall be delivered to each Paying Agent/Registrar.

*(e) Delivery of Series 2007 Bond.* On the closing date, one Series 2007 Bond representing the entire principal amount of the Series 2007 Bonds, payable in stated installments to the initial registered owner named in Section 26 of this Resolution or its designee, executed by manual or facsimile signature of the President and Secretary of the Board of Directors of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee.

**SECTION 5. FORM OF SERIES 2007 BOND.** The form of the Series 2007 Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas (to be attached only to the Series 2007 Bonds initially issued and delivered pursuant to this Resolution),

shall be substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Resolution:

*[The remainder of this page left blank intentionally.]*

FORM OF SERIES 2007 BOND

R- \_\_\_\_\_

PRINCIPAL  
AMOUNT  
\$1,200,000

**UNITED STATES OF AMERICA  
STATE OF TEXAS  
KENNEDALE ECONOMIC DEVELOPMENT CORPORATION  
SALES TAX REVENUE BOND  
TAXABLE SERIES 2007**

INTEREST RATE  
\_\_\_\_\_ %

MATURITY DATE  
May 1, 2027

DATE OF  
DELIVERY  
May 9, 2007

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

***ON THE MATURITY DATE SPECIFIED ABOVE, THE KENNEDALE ECONOMIC DEVELOPMENT CORPORATION*** (the "Issuer"), being a nonstock, nonprofit industrial development corporation organized and existing under the laws of the State of Texas, including particularly the Development Corporation Act of 1979, Article 5190.6, V.A.T.C.S., as amended (the "Act"), particularly Section 4B thereof, and acting on behalf of the *City of Kennedale, Texas* (the "City"), hereby promises to pay to the registered owner set forth above or to the assignee or assignees thereof (either being hereinafter called the "registered owner") the Principal Amount set forth above, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from the Date of Delivery specified above, to the Maturity Date specified above, or the date of redemption prior to maturity, at the Interest Rate per annum specified above with interest being payable on November 1, 2007, and semiannually on each May 1 and November 1 thereafter; except that if the date of authentication of this Bond is later than any Record Date but on or before the next following interest payment date, such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date (hereinafter defined) but on or before the next following interest payment date, in which case such Principal Amount shall bear interest from such next following interest payment date.

***THE PRINCIPAL OF AND INTEREST ON THIS BOND*** are payable in lawful money of the United States of America, without exchange or collection charges. Except as provided below, the principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at the designated corporate trust office of \_\_\_\_\_, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on the interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the resolution authorizing the issuance of the Bonds (the "Resolution") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first class postage prepaid, on each such interest payment date, to the registered owner hereof, at the address of the registered owner, as it appeared on the fifteenth business day of the month next preceding such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter

described. Except as provided below, any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner at the principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of this Bond for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Bond shall be payable in the regular manner described above). The Issuer covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond, it will make available to the Paying Agent/Registrar, from the "Debt Service Fund" created by the Resolution, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the special record date by the United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice

***IF THE DATE FOR THE PAYMENT*** of the principal of or interest on this 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.

***THIS BOND IS ONE OF A SERIES OF BONDS*** dated as of May 1, 2007, authorized in accordance with the Constitution and laws of the State of Texas, including particularly the Act, in the original principal amount of ***\$1,200,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PURCHASE OF LAND AND RELATED IMPROVEMENTS IN THE TOWN CENTER DISTRICT OF THE CITY OF KENNEDALE, TEXAS AND FOR PAYING THE COSTS OF ISSUING THE SERIES 2007 BONDS.***

*[The remainder of this page intentionally left blank]*



interest thereon to the date fixed for redemption. If such notice of redemption is given and if due provision for such payment is made, all as provided above, the Bonds which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest from the Paying Agent/Registrar out of the funds provided for such payment.

**ALL BONDS OF THIS SERIES** are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Resolution, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Resolution. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and registered. The form of Assignment printed or endorsed on this Bond shall be executed by the registered owner or its duly authorized attorney or representative to evidence the assignment hereof. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such transfer, but the one requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The Paying Agent/Registrar shall not be required to make transfers of registration of this Bond or any portion hereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date. The registered owner of this Bond shall be deemed and treated by the Issuer and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Bond to the extent of such payment, and the Issuer and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

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

**BY BECOMING THE REGISTERED OWNER OF THIS BOND**, the registered owner thereby acknowledges all of the terms and provisions of the Resolution, agrees to be bound by such terms and provisions, acknowledges that the Resolution is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Bond and the Resolution constitute a contract between each registered owner hereof and the Issuer.

**THE ISSUER HAS RESERVED THE RIGHT**, subject to the restrictions stated, and adopted by reference, in the Resolution, to issue additional parity revenue bonds which also may be made payable from, and secured by a first lien on and pledge of, the "Pledged Revenues" (as defined in the Resolution).

**IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED** that this Bond has been duly and validly authorized, issued, sold, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a special obligation of the Issuer; that neither the State of Texas, the City, nor any political corporation, subdivision, or agency of the State of Texas, nor any member of the Board of Directors of the Issuer, either individually or collectively, shall be obligated to pay the principal of or the interest on this Bond and neither the faith and credit nor the taxing power (except as described below) of the State of Texas, the City, or any other political corporation, subdivision, or agency of the State of Texas is pledged to the payment of the principal of or the interest on this Bond; that the principal of and interest on this Bond are secured by and payable from a first lien on and pledge of the revenues defined in the Resolution as the "Pledged Revenues", which include the proceeds of a one-half of one percent sales and use tax levied for the benefit of the Issuer by the City pursuant to Section 4B of the Act; and that the registered owner hereof shall not have the right to demand payment of the principal of or interest on this Bond from any tax proceeds in excess of the aforesaid sales and use tax proceeds levied for the benefit of the Issuer by the City pursuant to Section 4B of the Act, or from any other source other than the Pledged Revenues.

**IN WITNESS WHEREOF**, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the Vice President or President of the Board of Directors of the Issuer and countersigned with the manual or facsimile signature of the Secretary of the Board of Directors of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Bond.

\_\_\_\_\_  
(signature)  
Secretary, Board of Directors

\_\_\_\_\_  
(signature)  
Vice President, Board of Directors

(SEAL)

**FORM OF REGISTRATION CERTIFICATE**  
**OF THE COMPTROLLER OF PUBLIC ACCOUNTS**

**COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_**

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

Witness my signature and seal this

(COMPTROLLER'S SEAL)

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

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

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**  
(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Representative

**FORM OF ASSIGNMENT:**

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned Registered Owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

\_\_\_\_\_  
(Assignee's Social Security or Taxpayer Identification Number) (Print or typewrite Assignee's name and address, including zip code)

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

**SECTION 6. DEFINITIONS.** In addition to the capitalized terms defined elsewhere in this Resolution, the following terms shall have the meanings set forth below, unless the text hereof specifically indicates otherwise:

"Additional Bonds" shall mean those obligations hereafter issued by the Issuer pursuant to Section 19 of this Resolution.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas, and any successor official or officer thereto.

"Cost" shall mean with respect to the Project, the cost of acquisition, construction, reconstruction, improvement, and expansion of the Project as provided in the Act, including, without limitation, the cost of the acquisition of all land, rights-of-way, property rights, easements, and interests, the cost of all machinery and equipment, financing charges, interest prior to and during construction and for one year after completion of construction whether or not capitalized, necessary reserve funds, cost of estimates and of engineering and legal services, plans, specifications, surveys, estimates of cost and of revenue, other expenses necessary or incident to determining the feasibility and practicability of acquiring, constructing, reconstructing, improving, and expanding any such Project, administrative expense, and such other expense as may be necessary or incident to the acquisition, construction, reconstruction, improvement, and expansion thereof, the placing of the same in operation, and the financing or refinancing of the Project.

"Credit Facility" shall mean a policy of municipal bond insurance, a surety bond or a bank letter or line of credit issued by a Credit Facility Provider to cause the amount on deposit in the Reserve Fund to satisfy the Required Reserve Amount.

"Credit Facility Provider" means (i) with respect to any Credit Facility consisting of a policy of municipal bond insurance or a surety bond, any issuer of policies of insurance insuring the timely payment of debt service on governmental obligations such as the Parity Bonds and provided that a nationally recognized rating agency having an outstanding rating on the Parity Bonds would rate such Parity Bonds fully insured by a standard policy issued by that issuer in its highest rating category for such obligations; and (ii) with respect to any Credit Facility consisting of a letter or line of credit, any bank, provided that a nationally recognized rating agency having an outstanding rating on the Parity Bonds would rate the Parity Bonds in its highest rating category for such obligations if the letter or line of credit proposed to be issued by such bank secured the timely payment of the entire principal amount of any series of Parity Bonds and the interest thereon.

"Depository Bank" shall mean the official depository bank of the City.

"Fiscal Year" shall mean the fiscal year of the Issuer, being the twelve month period beginning October 1 of each year.

"Investment Act" shall mean the Public Funds Investment Act, Chapter 2256, Texas Government Code.

"Parity Bonds" shall mean the Series 2007 Bonds and any Additional Bonds issued hereafter.

"Paying Agent/Registrar" shall mean the financial institution so designated in accordance with the provisions of Section 4 of this Resolution.

"Pledged Revenues" shall mean the Sales Tax plus any interest earnings thereon, less any amounts due or owing to the Comptroller as charges for collection or retention by the Comptroller for refunds and to redeem dishonored checks and drafts, to the extent such charges and retention are authorized or required by law.

"Project Agreement" shall mean the Project Agreement, dated as of April 23, 2007, between the City and the Issuer, attached hereto as Exhibit B.

"Required Reserve Amount" shall mean the average annual principal and interest requirements on the Parity Bonds.

"Sales Tax" shall mean the one-half of one percent sales and use tax levied by the City within the boundaries of the City as they now or hereafter exist, together with any increases in the aforesaid rate if provided and authorized by the laws of the State of Texas, including specifically the Act, and collected for the benefit of the Issuer, all in accordance with the Act, including particularly Section 4B thereof.

"Series 2007 Bonds" shall mean the Kennedale Economic Development Corporation Sales Tax Revenue Bonds, Series 2007, dated as of May 1, 2007, originally issued in the aggregate principal amount of \$1,200,000.

"Transfer Agreement" shall mean the Sales Tax Remittance Agreement dated as of April 23, 2007, between the City and the Issuer, attached hereto as Exhibit C.

**SECTION 7. PLEDGE.** The Parity Bonds, and any interest payable thereon, are and shall be secured by and payable from a first lien on and pledge of the Pledged Revenues; and the Pledged Revenues are further pledged to the establishment and maintenance of the Debt Service Fund and the Reserve Fund as hereinafter provided. The Parity Bonds are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any real, personal or mixed properties constituting the Project.

**SECTION 8. REVENUE FUND.** There has been created and established on the books of the Issuer, and accounted for separate and apart from all other funds of the Issuer, a special fund entitled the "Kennedale Economic Development Corporation Sales Tax Revenue Fund" (hereinafter called the "Revenue Fund"). All Pledged Revenues shall be credited to the Revenue Fund immediately upon receipt. Monies in said Fund shall be maintained at an official depository bank of the City.

**SECTION 9. DEBT SERVICE FUND.** For the sole purpose of paying the principal of and interest on the Parity Bonds, as the same come due, there has been created and established and shall be maintained on the books of the Issuer a separate fund entitled the "Kennedale Economic Development Corporation Sales Tax Revenue Bonds Debt Service Fund" (hereinafter called the "Debt Service Fund"). Monies in said Fund shall be maintained at an official depository bank of the City.

**SECTION 10. RESERVE FUND.** There has been established on the books of the Issuer a separate fund entitled the "Kennedale Economic Development Corporation Sales Tax Revenue Bonds Reserve Fund" (hereinafter called the "Reserve Fund"). Monies in the Reserve Fund shall be used solely for the purpose of retiring the last of any Parity Bonds as they become due or paying principal of and interest on any Parity Bonds when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose. Monies in the Reserve Fund shall be maintained at an official depository bank of the City.

**SECTION 11. CONSTRUCTION FUND.** (a) There is hereby created and established on the books of the Issuer a separate fund entitled the "Kennedale Economic Development Corporation Series 2007 Construction Fund" (hereinafter called the "Construction Fund"). The Construction Fund shall be held by an official depository bank of the City and shall be subject to and charged with a lien in favor of the registered owners of the Series 2007 Bonds until said monies on deposit therein are paid out as herein provided. The proceeds from the sale of the Series 2007 Bonds, other than any accrued interest and capitalized interest, if any (which shall be deposited to the credit of the Debt Service Fund), and any proceeds identified in Section 27 hereof to be deposited to the credit of the Reserve Fund, if any, shall be credited to the Construction Fund. All interest and profits from investments made with moneys in the Construction Fund shall remain on deposit in the Construction Fund and as a part thereof unless the President or Treasurer of the Issuer directs that all or a portion of such interest earnings are to be deposited to the Debt Service Fund. All funds on deposit in the Construction Fund shall be deposited into the Debt Service Fund upon completion of the Project (i.e. until the Project is finally completed).

(b) Money in the Construction Fund shall be subject to disbursement by the Issuer for payment of any Cost of the Project and in accordance with the provisions of the Project Agreement, (which is hereby approved in substantially the form attached hereto as Exhibit B); however, no proceeds shall be used to pay any maintenance or operating costs of the Project. Such disbursements shall be made only for valid Costs of the Project.

**SECTION 12. TRANSFER.** (a) Pursuant to the provisions of the Transfer Agreement (which is hereby approved in substantially the form attached hereto as Exhibit C), the City has agreed to do any and all things necessary to accomplish the transfer of the Sales Tax collected for the benefit of the Issuer to the Revenue Fund on a monthly basis. The Transfer Agreement shall govern matters with respect to the collection of sales taxes from the Comptroller, credits and refunds due and owing to the Comptroller, and other matters with respect to the collection and transfer of the Sales Tax. The City shall maintain the proceeds from the collection of the Sales Tax in a trust account separate from all other funds of the City, with such trust account to be maintained at an official depository bank of the City.

(b) The President and the Treasurer of the Board are hereby ordered to do any and all things necessary to accomplish the transfer of monies to the Debt Service Fund in ample time to pay the principal of and interest on the Parity Bonds.

**SECTION 13. DEPOSITS OF PLEDGED REVENUES; INVESTMENTS.** (a) The Pledged Revenues shall be deposited in the Debt Service Fund and the Reserve Fund, or shall be used to reimburse a Credit Facility Provider in the event a Credit Facility has been drawn upon to pay debt service requirements on any Parity Bonds, when and as required by this Resolution.

(b) Money in any Fund established by this Resolution may, at the option of the Board, be invested in eligible investment securities as described in the Investment Act; provided that all such deposits and investments shall have a par value (or market value when less than par) exclusive of accrued interest at all times at least equal to the amount of money credited to such Funds, and shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. Money in the Reserve Fund shall not be invested in securities maturing later than the final maturity of the Parity Bonds. Such investments shall be valued in terms of current market value as of the last day of each year, except that direct obligations of the United States (State and Local Government Series) in book-entry form shall be continuously valued at their

par or face principal amount. Such investments shall be sold promptly when necessary to prevent any default in connection with the Parity Bonds.

**SECTION 14. FUNDS SECURED.** Money in all Funds created by this Resolution, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

**SECTION 15. DEBT SERVICE REQUIREMENTS.** (a) Promptly after the delivery of any series of Parity Bonds the Issuer shall cause to be deposited to the credit of the Debt Service Fund any accrued interest and any capitalized interest received from the sale and delivery of any series of Parity Bonds, and any such deposit shall be used to pay the interest next coming due on the Series 2007 Bonds.

(b) The Issuer shall transfer or cause to be transferred Pledged Revenues on deposit in the Revenue Fund, and deposit to the credit of the Debt Service Fund the amounts, at the times, as follows:

(1) Such amounts, in substantially equal monthly installments, deposited on or before the 25th day of each month hereafter, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Parity Bonds on the next succeeding interest payment date.

(2) Such amounts, in substantially equal monthly installments deposited on or before the 25th day of each month hereafter, as will be sufficient, together with other amounts, if any, then on hand in the Debt Service Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Parity Bonds on the next succeeding principal payment date.

**SECTION 16. RESERVE REQUIREMENTS.** (a) Upon the delivery of the Series 2007 Bonds to the initial purchaser thereof, the amount on deposit in the Reserve Fund shall equal the Required Reserve Amount. When and if the Reserve Fund at any time contains less than the Required Reserve Amount due to any cause or condition other than the issuance of any Additional Bonds, then, subject and subordinate to making the required deposits to the credit of the Debt Service Fund, the Issuer shall transfer or cause to be transferred Pledged Revenues on deposit in the Revenue Fund, and deposit to the credit of the Reserve Fund an amount equal to 1/24th of such deficiency, or from any other sources available for such purpose. The Issuer may withdraw and use, for any purpose not inconsistent with the provisions of the Act, all surplus in the Reserve Fund over the Required Reserve Amount.

(b) The Issuer may, in lieu of depositing cash or investments in the Reserve Fund, obtain a Credit Facility in order to cause the amount on deposit therein to equal the Required Reserve Amount attributable to the Parity Bonds or any series of Parity Bonds hereafter issued. The amount insured or secured by a Credit Facility is deemed, for purposes of this Section, to be an amount on deposit in the Reserve Fund attributable to the series for which such Credit Facility is issued. The Credit Facility must (i) be issued for the benefit of all owners of the Parity Bonds, (ii) provide coverage, together with other cash and investments on deposit in the Reserve Fund, for the full amount of the Required Reserve Amount applicable to one or more series of Parity Bonds, (iii) upon the demand of the owners or the Paying Agent/Registrar on behalf of the owners, provide for the withdrawal or disbursement of such amounts at the same times as would otherwise be permitted to

be withdrawn for the Debt Service Fund, and (iv) be in form and substance approved by nationally recognized bond counsel. If the amount on deposit in the Reserve Fund consists of cash and investments and one or more Credit Facilities, as provided in this subsection (b), all cash and investments shall be liquidated and withdrawn prior to drawing on any Credit Facility, and if more than one Credit Facility is on deposit in the Reserve Fund, any withdrawals on such Credit Facilities shall be made on a pro rata basis. Should the Issuer be obligated to repay or reimburse a Credit Facility Provider to replenish or restore the full amount of the coverage provided by a Credit Facility, the Issuer shall cause approximately equal monthly deposits to be made from Pledged Revenues to the Credit Facility Provider in order to restore the full coverage under the Credit Facility within a period of not greater than 24 months following the month during which a withdrawal was first made on such Credit Facility.

**SECTION 17. DEFICIENCIES; EXCESS PLEDGED REVENUES.** (a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Debt Service Fund and the Reserve Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) Subject to making the required deposits to the credit of the Debt Service Fund and the Reserve Fund when and as required by this Resolution, or any resolution authorizing the issuance of Additional Bonds, the excess Pledged Revenues may be used by the Issuer for any lawful purpose not inconsistent with the Act.

**SECTION 18. PAYMENT.** On or before each May 1 and November 1 while any of the Parity Bonds are outstanding and unpaid, the Issuer shall make available to the paying agents therefor (including the Paying Agent/Registrar), out of the Debt Service Fund, and the Reserve Fund (if necessary), money sufficient to pay such interest on and such principal of the Parity Bonds as shall become due on such dates, respectively, at maturity or by redemption prior to maturity.

**SECTION 19. ADDITIONAL BONDS.** (a) The Issuer shall have the right and power at any time and from time to time and in one or more series or issues, to authorize, issue and deliver additional parity revenue bonds (herein called "Additional Bonds"), in accordance with law, in any amounts, for purposes of financing of projects (including the project) under the provisions of the Act, or for the purpose of refunding of any Parity Bonds or other obligations of the Issuer incurred in connection with the financing of projects under the provisions of the Act. Such Additional Bonds, if and when authorized, issued and delivered in accordance with this Resolution, shall be secured by and made payable equally and ratably on a parity with all then outstanding Parity Bonds from a first lien on and pledge of the Pledged Revenues.

(b) The Debt Service Fund and the Reserve Fund shall secure and be used to pay all Additional Bonds as well as the then outstanding Parity Bonds. However, each resolution under which Additional Bonds are issued shall provide and require that, in addition to the amounts required by the provisions of this Resolution and the provisions of any other resolution or resolutions authorizing Additional Bonds to be deposited to the credit of the Debt Service Fund, the Issuer shall deposit to the credit of the Debt Service Fund at least such amounts as are required for the payment of all principal and interest on said Additional Bonds then being issued, as the same come due; and that the aggregate amount to be accumulated and maintained in the Reserve Fund shall be increased (if and to the extent necessary) to an amount not less than the average annual principal and interest requirements of all Parity Bonds which will be outstanding after the issuance and delivery of the then proposed Additional Bonds; and that the required additional amount shall

be so accumulated by the deposit in the Reserve Fund of all or any part of said required additional amount in cash immediately after the delivery of the then proposed Additional Bonds, or, at the option of the Issuer, by the deposit of said required additional amount (or any balance of said required additional amount not deposited in cash as permitted above) in monthly installments, made on or before the 25th day of each month following the delivery of the then proposed Additional Bonds, of not less than 1/60th of said required additional amount (or 1/60th of the balance of said required additional amount not deposited in cash as permitted above).

(c) All calculations of average annual principal and interest requirement made pursuant to this Section shall be made as of and from the date of the Additional Bonds then proposed to be issued.

(d) No installment, series or issue of Additional Bonds shall be issued or delivered unless:

(i) The President and the Secretary of the Board of the Issuer sign a written certificate to the effect that the Issuer is not in default as to any covenant, condition or obligation in connection with all outstanding Parity Bonds, and the resolutions authorizing same, and that the Debt Service Fund and the Reserve Fund each contains the amount then required to be therein;

(ii) The chief financial officer of the City signs a written certificate to the effect that during either the next preceding year, or any twelve consecutive calendar month period ending not more than ninety days prior to the date of the then proposed Additional Bonds, the Pledged Revenues were, in his or its opinion, at least equal to (A) 1.4 times the average annual principal and interest requirements (computed on a fiscal year basis) of all Parity Bonds to be outstanding after the issuance of then proposed Additional Bonds; and

(iii) The governing body of the City by official action approves the issuance of the Additional Bonds, as required by the Act.

The foregoing notwithstanding, the Issuer may issue Additional Bonds, all or a portion of the proceeds of which are to be used to refund all of the outstanding Parity Bonds, without the necessity of satisfying the provisions of clause (ii) of this subsection.

(e) Any installment, series or issue of Additional Bonds may be issued in such a manner that such Additional Bonds would qualify as obligations described by Section 103(a) of the Code, without regard as to whether any other obligations of the Issuer then outstanding were so issued.

**SECTION 20. GENERAL COVENANTS.** The Issuer further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Resolution, each resolution authorizing the issuance of Additional Bonds, and in each and every Parity Bond; it will promptly pay or cause to be paid the principal of and interest on every Parity Bond, on the dates and in the places and manner prescribed in such resolutions and Parity Bonds; and it will, at the times and in the manner prescribed, deposited or cause to be deposited the amounts required to be deposited into the Debt Service Fund and the Reserve Fund; and any registered owner of the Parity Bonds may require the Issuer, its

officials and employees to carry out, respect or enforce the covenants and obligations of this Resolution, or any resolution authorizing the issuance of any Parity Bonds, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the Issuer, its officials and employees, or by the appointment of a receiver in equity.

(b) Legal Authority. It is a duly created and existing industrial development corporation, and is duly authorized under the laws of the State of Texas, including the Act, to create and issue the Parity Bonds; that all action on its part for the creation and issuance of the Parity Bonds has been duly and effectively taken, and that the Parity Bonds in the hands of the registered owners thereof are and will be valid and enforceable special obligations of the Issuer in accordance with their terms.

(c) Further Encumbrance. It, while the Parity Bonds are outstanding and unpaid, will not additionally encumber the Pledged Revenues in any manner, except as permitted in this Resolution in connection with Additional Bonds, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants and agreements of this Resolution; but the right of the Issuer to issue revenue bonds payable from a subordinate lien on the Pledged Revenues, in accordance with the provisions of the Act, is specifically recognized and retained.

(d) Collection of Sales Tax. The Issuer will take all steps necessary to ensure that, for so long as the Parity Bonds are outstanding, that the City will levy, charge and collect the Sales Tax as required by the Act.

(e) Records. It will keep proper books of record and account in which full, true and correct entries will be made of all dealings, activities and transactions relating to the Project, the Pledged Revenues and the Funds created pursuant to this Resolution, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any bondholders.

**SECTION 21. DEFEASANCE OF SERIES 2007 BONDS.** (a) (a) Any Series 2007 Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Series 2007 Bond") within the meaning of this Resolution, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Series 2007 Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Series 2007 Bonds shall have become due and payable. At such time as a Series 2007 Bond shall be deemed to be a Defeased Series 2007 Bond hereunder, as aforesaid, such Series 2007 Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Resolution to the contrary, it is hereby provided that any determination not to redeem Defeased Series 2007 Bonds that is made in conjunction with the payment arrangements

specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Series 2007 Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Series 2007 Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Series 2007 Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Series 2007 Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Series 2007 Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

(d) Until all Defeased Series 2007 Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Series 2007 Bonds the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Resolution.

(e) In the event that the Issuer elects to defease less than all of the principal amount of the Series 2007 Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of the Series 2007 Bonds by such random method as it deems fair and appropriate.

(e) Notwithstanding the foregoing, no defeasance shall be deemed to occur until all costs (including draws, expenses and accrued interest) due to a Credit Facility Provider for a draw on a Credit Facility have been paid in full.

**SECTION 22. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED SERIES 2007 BONDS.** (a) Replacement Series 2007 Bonds. In the event any outstanding Series 2007 Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause

to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Series 2007 Bond, in replacement for such Series 2007 Bond in the manner hereinafter provided.

(b) Application for Replacement Series 2007 Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2007 Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Series 2007 Bond, the registered owner applying for a replacement bond shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Series 2007 Bond, the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Series 2007 Bond, as the case may be. In every case of damage or mutilation of a Series 2007 Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Series 2007 Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Series 2007 Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Series 2007 Bond, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Series 2007 Bond) instead of issuing a replacement Series 2007 Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Series 2007 Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Series 2007 Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Series 2007 Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Series 2007 Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Resolution equally and proportionately with any and all other Series 2007 Bonds duly issued under this Resolution.

(e) Authority for Issuing Replacement Series 2007 Bonds. In accordance with Chapter 1201, Texas Government Code, as amended, this Section shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Series 2007 Bonds in the form and manner and with the effect, as provided in Section 4(d) of this Resolution, for Series 2007 Bonds issued in conversion and exchange for other Series 2007 Bonds.

**SECTION 23. CUSTODY, APPROVAL, AND REGISTRATION OF SERIES 2007 BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND BOND INSURANCE, IF OBTAINED.** The President of the Board of the Issuer is hereby authorized to have control of each Series 2007 Bond issued hereunder and all necessary records and proceedings pertaining to each Series 2007 Bond pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of each Series 2007 Bond said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the

Comptroller's Registration Certificate on each Series 2007 Bond, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each Series 2007 Bond. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers, if any, may, at the option of the Issuer, be printed on each Series 2007 Bond or on any Series 2007 Bonds issued and delivered in conversion of and exchange or replacement of any Series 2007 Bond, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Series 2007 Bonds. In addition, the printer of the Series 2007 Bonds is hereby directed to print on the Series 2007 Bonds the form of bond counsel's opinion relating thereto, and is hereby authorized to print on the Series 2007 Bonds an appropriate statement of insurance supplied by a municipal bond insurance company providing insurance, if any, covering all or any part of the Series 2007 Bonds.

**SECTION 24. RESOLUTION A CONTRACT; AMENDMENTS.** The Resolution shall constitute a contract with the Registered Owners of the Series 2007 Bonds, binding on the Issuer and its successors and assigns, and shall not be amended or repealed by the Issuer as long as any Series 2007 Bond remains outstanding except as permitted in this Section. The Issuer may, without the consent of or notice to any Registered Owners, amend, change, or modify this Resolution as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owners. The Issuer may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Series 2007 Bonds then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Resolution; provided that without the consent of all of the Registered Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Series 2007 Bonds, reduce the principal amount thereof or the rate of interest thereof, (ii) give any preference to any Series 2007 Bond over any other Series 2007 Bond, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Series 2007 Bonds required for consent to any such amendment, change, modification, or rescission. Whenever the Issuer shall desire to make any amendment or addition to or rescission of this Resolution requiring consent of the Registered Owners, the Issuer shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the Issuer shall receive an instrument or instruments in writing executed by the Registered Owners of a majority in aggregate principal amount of the Series 2007 Bonds then outstanding affected by any such amendment, addition, or rescission requiring the consent of the Registered Owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

**SECTION 25. NO RULE 15c2-12 UNDERTAKING; ANNUAL FINANCIAL STATEMENTS.** The Issuer has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") in connection with the issuance of the Series 2007 Bonds inasmuch as the Purchaser is not acting as an "underwriter in a primary offering of municipal securities" within the meaning of the Rule. The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Series 2007

Bonds; however, so long as the Purchaser or its assignee is the sole registered owner of the Series 2007 Bonds, the Issuer shall provide the Purchaser a copy of its audited annual financial statements within 30 days from the date that such statements become available to the Issuer.

**SECTION 26. SALE OF SERIES 2007 BONDS.** The Series 2007 Bonds are hereby initially sold and shall be delivered to \_\_\_\_\_ (the "Purchaser"), for cash for the par value thereof, pursuant to the investor acknowledgement letter, attached hereto as *Exhibit D*, dated the date of the final passage of this Resolution which the President is hereby authorized to execute and deliver. The Series 2007 Bond shall initially be registered in the name of \_\_\_\_\_. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

**SECTION 27. USE OF SERIES 2007 BOND PROCEEDS.** The proceeds from the sale of the Series 2007 Bonds shall be deposited as follows:

- (a) In the Debt Service Fund, the accrued interest, if any, and original reoffering premium, if any, to be paid by the Purchaser of the Bonds;
- (b) In the Reserve Fund, an amount equal to the Required Reserve Amount; and
- (c) In the Construction Fund, the balance of said proceeds.

**SECTION 28. [RESERVED].**

**SECTION 29. AUTHORITY AND APPROVAL FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES.** The Project Agreement and the Transfer Agreement attached hereto as *Exhibit B and Exhibit C*, respectively, are hereby approved in substantially the form attached hereto. The President, Secretary and Treasurer of the Board of the Issuer are hereby authorized to execute, deliver, attest and affix the seal of the Issuer to all documents and instruments necessary and appropriate in connection with the issuance, sale and delivery of the Series 2007 Bonds, including, without limitation, the Paying Agent/Registrar Agreement, the Project Agreement and the Transfer Agreement. In addition, prior to the initial delivery of the Series 2007 Bonds, the President, Secretary and Treasurer of the Board of the Issuer and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Series 2007 Bonds by the Attorney General's office. In case any officer whose signature shall appear on any Series 2007 Bond shall cease to be such officer before the delivery of such Series 2007 Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

**SECTION 30. SECURITY INTEREST.** Chapter 1208, Texas Government Code, applies to the issuance of the Series 2007 Bonds and the pledge of the Pledged Revenues granted by the Issuer under Section 7 of this Resolution, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Series 2007 Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the County under Section 7 of this Resolution is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order

to preserve to the registered owners of the Series 2007 Bonds the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 31. INCORPORATION OF RECITALS.** The findings and preambles set forth in this Resolution are hereby incorporated into this Resolution and made a part hereof for all purposes.

**SECTION 32. SEVERABILITY.** The provisions of this Resolution are severable and if any provision or the applicability thereof to any person or circumstance is ever held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Resolution and the application of such provisions to other persons or circumstances shall not be affected thereby.

**SECTION 33. INTERESTED PARTIES.** Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Issuer and the registered owners of the Series 2007 Bonds, any right, remedy or claim under or by reason of this Resolution or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer and the registered owners of the Series 2007 Bonds.

**SECTION 34. EFFECTIVE DATE.** This Resolution shall become effective immediately after it is approved by the Board of Directors.

*[The remainder of this page intentionally left blank.]*

***PASSED AND APPROVED BY THE BOARD OF DIRECTORS OF THE KENNEDALE  
ECONOMIC DEVELOPMENT CORPORATION AT A REGULAR MEETING ON THE 23<sup>rd</sup>  
DAY OF APRIL, 2007, AT WHICH MEETING A QUORUM WAS PRESENT.***

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

\_\_\_\_\_  
President, Board of Directors

(ISSUER SEAL)

\*\* \*\* \* \* \*

[SIGNATURE PAGE TO BOND RESOLUTION]

EXHIBIT A

**FORM OF PAYING AGENT/REGISTRAR AGREEMENT**

THE PAYING AGENT/REGISTRAR AGREEMENT IS OMITTED AT THIS POINT AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

EXHIBIT B

**FORM OF PROJECT AGREEMENT**

THE PROJECT AGREEMENT IS OMITTED AT THIS POINT AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

EXHIBIT C

**FORM OF TRANSFER AGREEMENT**

THE TRANSFER AGREEMENT IS OMITTED AT THIS POINT AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

EXHIBIT D

**FORM OF INVESTOR ACKNOWLEDGEMENT LETTER**

THE INVESTOR ACKNOWLEDGEMENT LETTER IS OMITTED AT THIS POINT AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT.

BOND DEBT SERVICE  
City of Kennedale, Texas  
Economic Development Corporation

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/09/2007					
11/01/2007			39,846.67	39,846.67	
05/01/2008	30,000	6.950%	41,700.00	71,700.00	
09/30/2008					111,546.67
11/01/2008			40,657.50	40,657.50	
05/01/2009	30,000	6.950%	40,657.50	70,657.50	
09/30/2009					111,315.00
11/01/2009			39,615.00	39,615.00	
05/01/2010	35,000	6.950%	39,615.00	74,615.00	
09/30/2010					114,230.00
11/01/2010			38,398.75	38,398.75	
05/01/2011	35,000	6.950%	38,398.75	73,398.75	
09/30/2011					111,797.50
11/01/2011			37,182.50	37,182.50	
05/01/2012	40,000	6.950%	37,182.50	77,182.50	
09/30/2012					114,365.00
11/01/2012			35,792.50	35,792.50	
05/01/2013	40,000	6.950%	35,792.50	75,792.50	
09/30/2013					111,585.00
11/01/2013			34,402.50	34,402.50	
05/01/2014	45,000	6.950%	34,402.50	79,402.50	
09/30/2014					113,805.00
11/01/2014			32,838.75	32,838.75	
05/01/2015	50,000	6.950%	32,838.75	82,838.75	
09/30/2015					115,677.50
11/01/2015			31,101.25	31,101.25	
05/01/2016	50,000	6.950%	31,101.25	81,101.25	
09/30/2016					112,202.50
11/01/2016			29,363.75	29,363.75	
05/01/2017	55,000	6.950%	29,363.75	84,363.75	
09/30/2017					113,727.50
11/01/2017			27,452.50	27,452.50	
05/01/2018	60,000	6.950%	27,452.50	87,452.50	
09/30/2018					114,905.00
11/01/2018			25,367.50	25,367.50	
05/01/2019	60,000	6.950%	25,367.50	85,367.50	
09/30/2019					110,735.00
11/01/2019			23,282.50	23,282.50	
05/01/2020	65,000	6.950%	23,282.50	88,282.50	
09/30/2020					111,565.00
11/01/2020			21,023.75	21,023.75	
05/01/2021	70,000	6.950%	21,023.75	91,023.75	
09/30/2021					112,047.50
11/01/2021			18,591.25	18,591.25	
05/01/2022	75,000	6.950%	18,591.25	93,591.25	
09/30/2022					112,182.50
11/01/2022			15,985.00	15,985.00	
05/01/2023	80,000	6.950%	15,985.00	95,985.00	
09/30/2023					111,970.00
11/01/2023			13,205.00	13,205.00	
05/01/2024	85,000	6.950%	13,205.00	98,205.00	
09/30/2024					111,410.00
11/01/2024			10,251.25	10,251.25	
05/01/2025	90,000	6.950%	10,251.25	100,251.25	
09/30/2025					110,502.50
11/01/2025			7,123.75	7,123.75	
05/01/2026	100,000	6.950%	7,123.75	107,123.75	
09/30/2026					114,247.50
11/01/2026			3,648.75	3,648.75	
05/01/2027	105,000	6.950%	3,648.75	108,648.75	
09/30/2027					112,297.50
	1,200,000		1,052,114.17	2,252,114.17	2,252,114.17