

Exhibit A

NOTICE OF INTENTION TO ISSUE
CITY OF HELOTES, TEXAS
CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Helotes, Texas will convene at its regular meeting place in the City Hall in Helotes, Texas, at 7:00 o'clock P.M., Helotes, Texas time on March 8, 2007, and, during such meeting, the City Council will consider the passage of an ordinance or ordinances and take such other actions as may be deemed necessary to authorize the issuance of one or more series of certificates of obligation in an aggregate principal amount not to exceed \$10,000,000 for the purpose or purposes of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) renovation of the existing police facility for municipal complex purposes and constructing additional public safety improvements, including construction of a new fire station and a new police station, (2) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the utility systems in the Old Town Helotes area, conceptual and implementation plan which addresses the infrastructure needs, policy issues, physical and esthetic improvements, and marketing strategy for the Old Town Helotes, (3) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the construction, acquisition and renovation of the Old Town Helotes area, the public safety facility, the police station and fire station, and (4) the payment of professional services related to the construction and financing of the aforementioned projects. The certificates of obligation (the *Certificates*) will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and from a lien on and pledge of certain revenues derived by the City from the operation of the City's solid waste management system. The Certificates are to be issued, and this notice is given, under and pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.065 and Chapter 363.135, as amended, Texas Health and Safety Code.

City Secretary,
City of Helotes, Texas

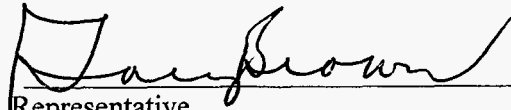
AFFIDAVIT OF PUBLICATION

THE STATE OF TEXAS §
 §
BEXAR COUNTY §
 §
CITY OF HELOTES §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared GARY BROWN, who, after being by me duly sworn, upon oath says that he/she is a representative of *The Echo*, a newspaper of general circulation in the City of Helotes, Texas, which newspaper satisfies each of the requirements of Subchapter C, Chapter 205i, as amended, Texas Government Code, so as to constitute an official publication in which legal notices may be published as set forth in Subchapter C, Chapter 2051, as amended, Texas Government Code, and that there was published in said newspaper on the following dates a true and correct copy of the attached NOTICE OF INTENTION to issue certificates of obligation:

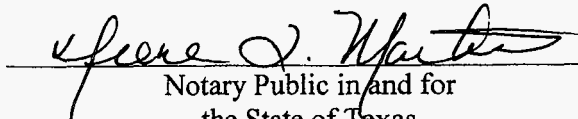
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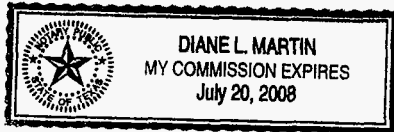
Representative

SUBSCRIBED AND SWORN TO before me, the undersigned authority, on the 19th day of March, 2007, to verify which witness my hand and seal of office.



Notary Public in and for
the State of Texas

(NOTARY SEAL)



**PUBLIC
NOTICE**

**NOTICE OF INTENTION TO ISSUE
CITY OF HELOTES, TEXAS
CERTIFICATES OF OBLIGATION**

NOTICE IS HEREBY GIVEN that the City Council of the City of Helotes, Texas will convene at its regular meeting place in the City Hall in Helotes, Texas, at 7:00 o'clock P.M., Helotes, Texas time on March 8, 2007, and, during such meeting, the City Council will consider the passage of an ordinance or ordinances and take such other actions as may be deemed necessary to authorize the issuance of one or more series of certificates of obligation in an aggregate principal amount not to exceed \$10,000,000 for the purpose or purposes of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) renovation of the existing police facility for municipal complex purposes and constructing additional public safety improvements, including construction of a new fire station and a new police station, (2) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the utility systems in the Old Town Helotes area, conceptual and implementation plan which addresses the infrastructure needs, policy issues, physical and esthetic improvements, and marketing strategy for the Old Town Helotes, (3) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the construction, acquisition and renovation of the Old Town Helotes area, the public safety facility, the police station and fire station, and (4) the payment of professional services related to the construction and financing of the aforementioned projects. The certificates of obligation (the Certificates) will be payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the City and from a lien on and pledge of certain revenues derived by the City from the operation of the City's solid waste management system. The Certificates are to be issued, and this notice is given, under and pursuant to the provisions of the Certificate of Obligation Act of 1971, as amended, Texas Local Government Code Section 271.041 through Section 271.065 and Chapter 363.135, as amended, Texas Health and Safety Code.

Grace Tamez, City Secretary
City of Helotes, Texas

GENERAL CERTIFICATE

THE STATE OF TEXAS	§
	§
COUNTY OF BEXAR	§
	§
CITY OF HELOTES	§

THE UNDERSIGNED HEREBY CERTIFY that:

1. The City Council of the City of Helotes, Texas (the *City*) has authorized the issuance of the "CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007", dated March 1, 2007, in the aggregate principal amount of \$10,000,000 (the *Certificates*), authorized by an ordinance passed and adopted on the 8th day of March, 2007 (the *Ordinance*).

2. The total principal amount of outstanding indebtedness of the City, payable, in whole or in part, from taxes levied under and pursuant to Article XI, Section 4 of the Texas Constitution, including the Certificates, is as follows:

OUTSTANDING TAX OBLIGATIONS	\$ 1,185,000
THE CERTIFICATES	<u>10,000,000</u>
TOTAL INDEBTEDNESS	\$11,185,000

A schedule of indebtedness of the City payable, in whole or in part, from taxes is attached hereto as Exhibit A and made a part of this certificate for all purposes.

3. A debt service requirement schedule for all outstanding general obligation indebtedness of the City, including the Certificates, is attached hereto as Exhibit B and made a part of this certificate for all purposes.

4. The City is a duly incorporated Type A general law municipality, having more than 5,000 inhabitants, operating and existing under the laws of the State of Texas.

5. The members of the City Council of the City are as follows:

Jon Allan	Mayor
Linda Boyer-Owens	Mayor Pro Tem, Place 3
Guillerma Contreras	Councilmember, Place 1
Alina Matutes-Eckhardt	Councilmember, Place 2
Joe "JB" Richeson	Councilmember, Place 4
Stuart Birnbaum	Councilmember, Place 5

6. Marie Gelles is the duly appointed, qualified, and acting City Administrator of the City.

7. Grace Tamez is the duly appointed, qualified, and acting City Secretary of the City.

8. The assessed value of all taxable property (net of exemptions) in the City, as shown by the tax rolls for the year 2006-2007, which have been duly approved and are the latest official assessment of taxable property in the City, is as follows:

TOTAL ASSESSED TAXABLE VALUES OF REAL AND PERSONAL PROPERTY	\$473,714,054
--	---------------

9. All of the meetings held by the City Council pursuant to which any proceedings were passed, adopted, and approved in connection with the Certificates were meetings open to the public for which public notice had been given, all as required by law and particularly Chapter 551, as amended, Texas Government Code.

10. The current rates and charges for services furnished by the System are as set forth in Exhibit C and made a part of this certificate for all purposes.

11. A schedule of the Gross Revenues of the System (as shown by the records of the City) for the last five Fiscal Years is attached as Exhibit D and made a part of this certificate for all purposes.

12. No Net Revenues of the System are pledged or encumbered to the payment of any debt or obligation of the City or the System, except in connection with the currently outstanding Limited Pledge Obligations and the Certificates.

13. The City is not in default as to any covenant, obligation, or undertaking contained in any ordinance or other document relating to the issuance of any obligations now Outstanding which are payable from and secured by a lien on and pledge of the Net Revenues, and each of the accounts created and established for the sole purpose of paying the principal of and interest on such obligations contains the amount now required to be on deposit therein.

14. No petition signed by at least 5% of the qualified electors of the City has been filed with the Mayor, the City Secretary, any member of the City Council of the City, or any other officer of the City protesting the issuance of the Certificates or requesting a referendum election on the question of their issuance and sale.

15. The terms *Fiscal Year*, *Gross Revenues*, *Limited Pledge Obligations*, *Maintenance and Operating Expenses*, *Net Revenues*, and *System*, as used in this certificate, have the same meanings as in the Ordinance.

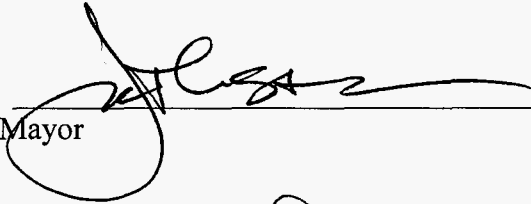
16. Additional transcript requirements pursuant to the provisions of Section 1202.008, as amended, Texas Government Code, are attached hereto as Exhibit E.

17. Capitalized terms not defined in this certificate shall have the meanings ascribed to them in the Ordinance.

18. This certificate is made for the benefit of the persons involved in this transaction and the Attorney General of The State of Texas in connection with his examination into and the approval of the Certificates.

WITNESS OUR HANDS AND THE SEAL OF THE CITY OF HELOTES, TEXAS, this
8th day of March, 2007.

CITY OF HELOTES, TEXAS



Mayor



City Secretary

(CITY SEAL)

EXHIBIT A

**CURRENTLY OUTSTANDING INDEBTEDNESS
PAYABLE FROM TAXES**

	<u>Description</u>	<u>Amount</u>
1	General Obligation Bonds, Series 1993	\$ 65,000
.		
2	Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2002	1,120,000
.		
3	The Certificates	<u>10,000,000</u>
.		
	TOTAL	<u>\$11,185,000</u>

EXHIBIT B**COMBINED DEBT SERVICE SCHEDULE**

Period Ending	Certificates of Obligation, Series 2007	Current Outstanding Aggregate Debt	Aggregate Debt Service
09/30/2007		167,418.75	167,418.75
09/30/2008	697,188.00	167,202.50	864,390.50
09/30/2009	729,048.50	171,502.50	900,551.00
09/30/2010	725,097.00	131,565.00	856,662.00
09/30/2011	725,654.25	132,665.00	858,319.25
09/30/2012	725,622.00	138,465.00	864,087.00
09/30/2013	729,902.00	138,965.00	868,867.00
09/30/2014	728,494.25	139,265.00	867,759.25
09/30/2015	731,398.75	139,240.00	870,638.75
09/30/2016	733,517.25	138,852.50	872,369.75
09/30/2017	734,849.75	143,045.00	877,894.75
09/30/2018	730,494.50		730,494.50
09/30/2019	735,353.25		735,353.25
09/30/2020	739,229.50		739,229.50
09/30/2021	737,221.50		737,221.50
09/30/2022	739,329.25		739,329.25
09/30/2023	740,454.50		740,454.50
09/30/2024	740,597.25		740,597.25
09/30/2025	744,659.25		744,659.25
09/30/2026	742,640.50		742,640.50
09/30/2027	749,442.75		749,442.75
	14,660,194.00	1,608,186.25	16,268,380.25

EXHIBIT C

SOLID WASTE MANAGEMENT SYSTEM RATES

	(Old Rate)	Amt of Increase 4.74% per CPI	New Rates
CARTS:			
Residential Service	\$17.10	\$0.81	\$17.91
Commercial Hand Load	\$15.42	\$0.73	\$16.15
ROLL OFF:			
Delivery Fee	\$82.24	\$3.90	\$86.14
20 cu yard	\$221.02	\$10.48	\$231.50
30 cu yard	\$267.28	\$12.67	\$279.95
40 cu yard	\$308.40	\$14.62	\$323.02
rental/day	\$2.06	\$0.10	\$2.16
DRY RUN CHARGE	\$82.24	\$3.90	\$86.14
20 YD AG BOX	\$154.20	\$7.31	\$161.51
SAME SPOT	\$10.28	\$0.49	\$10.77
BRUSH: *brush & unpainted wood only			
30 cu yard BRUSH	\$164.48	\$7.80	\$172.28
FRONTLOAD:			
2 yd 1x per week	\$46.26	\$2.19	\$48.45
2 yd 2x per week	\$79.16	\$3.75	\$82.91
2yd 3x per week	\$100.74	\$4.78	\$105.52
2yd 4x per week	\$123.36	\$5.85	\$129.21
2yd 5x per week	\$154.20	\$7.31	\$161.51
3yd 1x per week	\$58.60	\$2.78	\$61.38
3yd 2x per week	\$95.60	\$4.53	\$100.13
3yd 3x per week	\$143.92	\$6.82	\$150.74
3yd 4x per week	\$185.04	\$8.77	\$193.81
3yd 5x per week	\$221.02	\$10.48	\$231.50
4yd 1x per week	\$62.71	\$2.97	\$65.68
4yd 2x per week	\$107.94	\$5.12	\$113.06
4yd 3x per week	\$154.20	\$7.31	\$161.51
4yd 4x per week	\$205.60	\$9.75	\$215.35
4yd 5x per week	\$257.00	\$12.18	\$269.18
6yd 1x per week	\$77.10	\$3.65	\$80.75
6yd 2x per week	\$138.78	\$6.58	\$145.36
6yd 3x per week	\$190.18	\$9.01	\$199.19
6yd 4x per week	\$241.58	\$11.45	\$253.03
6yd 5x per week	\$298.12	\$14.13	\$312.25
8yd 1x per week	\$97.66	\$4.63	\$102.29
8yd 2x per week	\$159.34	\$7.55	\$166.89
8yd 3x per week	\$236.44	\$11.21	\$247.65
8yd 4x per week	\$303.26	\$14.37	\$317.63
8yd 5x per week	\$364.94	\$17.30	\$382.24
CASTERS/LOCKS	\$10.28	\$0.49	\$10.77
DEODERIZE 1 X ONLY	\$1.03	\$0.05	\$1.08
DEO 1X PER WEEK	\$4.11	\$0.19	\$4.30
DEO 2X PER WEEK	\$8.22	\$0.39	\$8.61
DEO 3X PER WEEK	\$12.34	\$0.58	\$12.92
DEO 4X PER WEEK	\$16.45	\$0.78	\$17.23
DEO 5X PER WEEK	\$20.56	\$0.97	\$21.53

EXHIBIT D

GROSS REVENUES OF THE SYSTEM

	<u>9/30/2006</u>	<u>9/30/2005</u>	<u>9/30/2004</u>	<u>9/30/2003</u>	<u>9/30/2002</u>
Revenues	\$46,356	\$37,806	\$28,015	\$26,976	\$22,831

EXHIBIT E

ADDITIONAL TRANSCRIPT REQUIREMENTS

City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007

Par Amount of Issue:	\$10,000,000	
Dollar Amount of Bond Premium (if any):	None	
Dollar Amount of Original Issue Discount (if any):	None	
Dated Date:	March 1, 2007	
Closing Date (Expected Delivery Date, on or about):	April 4, 2007	
By Year, Maturity Amounts, Coupon Rates, Prices or Yields (If No Reoffering Yield (NRO) Indicated, Please Provide Yield Separately):	Attached	
Call Provisions, Including Premiums (if any):	Not callable prior to stated maturity	
Mandatory Redemption Provisions:	None	
Debt-Service Schedule, Principal and Interest, and Annual Totals, with the fiscal year identified:	Attached	
Use of Derivative Products Associated with Financing:	None	
If Applicable, Schedule of Bonds <u>Refunded</u> , including, by year, principal amount, coupon, and <u>interest cost</u> :	None	
Pledge: tax (ad valorem, sales, other), revenue, combination:	Ad valorem tax and solid waste management system revenues	
Type of Credit Enhancement (including PSF guarantee):	None	
Rating Service(s) and rating(s) assigned to issue:	None	
Type of sale: placement	<input type="checkbox"/> a) competitive <input checked="" type="checkbox"/> c) private <input type="checkbox"/> b) negotiated <input type="checkbox"/> d) other (explain)	
Pricing:	Negotiated sale: date and time of verbal Competitive sale: date and time of award Private Placement: date and time of	Award of bid: of bid: agreement on interest rates: 3-8-07 at 6:00 p.m.

If purchaser of bonds is a governmental entity, such as the Texas Water Development Board, please name purchaser: N/A.

If a refunding bond issue, please provide final schedule of cash and present value savings (loss). N/A

If a school district refunding bond issue, and the refunding involves "old debt" per the Texas Education Code, please provide schedule of principal and interest payments of refunding bonds associated with "old debt". If the same issue also involves "new debt," please provide a schedule of principal and interest payments on the "new debt" portion as well. These two schedules together should equal total debt service by maturity. N/A

CAB's and CIB's - please provide the per annum bond interest rates by maturity as shown in the bond order document. N/A

Costs of Issuance — please provide best estimate of costs. If final costs are significantly different, please submit changes directly to the Texas Bond Review Board. Call (512) 463-1741 or (512) 475-4802 (FAX).

SERVICE	FIRM	ONE-TIME FEES	ANNUAL FEE (a)
Bond Rating		(in dollars)	
	Duff & Phelps		
	Fitch		
	Moody's		
	Standard & Poor's		
Other General Costs of Issuance (b)		85,000.00	
Any Specialized Costs of Issuance (c)			
Bond Insurance			
Total Underwriting Spread (d)		0.00	
Did underwriter pay rating fee(s)?	Yes <u>No</u>	Which one(s)?	
Did underwriter pay bond insurance fee?	Yes <u>No</u>		

PARTICIPANTS	FIRM
Bond Counsel	Fulbright & Jaworski L.L.P., San Antonio, Texas
Paying Agent/Registrar	JPMorgan Chase Bank, National Association, San Antonio, Texas
Financial Advisor	Southwest Securities, Inc., San Antonio, Texas
Purchaser	JPMorgan Chase Bank, N.A., San Antonio, Texas

- (a) relates to the ongoing fees or recurring costs of a financing for services such as paying agent, remarketing agent, credit provider and other similar services (may be expressed as a formula as appropriate).
- (b) e.g., bond counsel, financial advisor, paying agent, printing, AG approval.
- (c) e.g., remarketing fees, escrow verification fees, etc.
- (d) the cost for marketing and selling the bonds, including takedown, structuring fee, underwriter risk, and expenses.

PERSON COMPLETING FORM:

Name: Mark M. McLiney

Telephone No. (210) 226-8677
Fax No. (210) 226-8299

SIGNATURE AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS	§
	§
COUNTY OF BEXAR	§
	§
CITY OF HELOTES	§

THE UNDERSIGNED HEREBY CERTIFY that:

1. This certificate is executed and delivered with reference to the "CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007", dated March 1, 2007 (the *Certificate Date*), in the aggregate original principal amount of \$10,000,000 (the *Certificates*).

2. The Certificates have been duly and officially executed by the undersigned Mayor and City Secretary of the City of Helotes, Texas with their manual or facsimile signatures in the manner appearing hereon, and the undersigned Mayor and City Secretary hereby adopt and ratify their respective signatures in the manner appearing on each of the Certificates in manual or facsimile form, as the case may be, as their true, genuine, and official signatures.

3. On the Certificate Date and on the date hereof, the undersigned were and are the duly chosen, qualified, and acting officers indicated therein and were and are authorized to execute the same.

4. The legally adopted, proper, and official corporate seal of the City is impressed, imprinted, or lithographed on all of the Certificates and is impressed on this certificate.

5. No litigation of any nature is now pending before any federal or state court, or administrative body, or to our knowledge threatened, to which the City is a party that seeks to restrain or enjoin the issuance or delivery of the Certificates or questioning the issuance or sale of the Certificates, or the authority or action of the governing body of the City relating to the issuance or sale of the Certificates, the levy of the tax, or the assessment and collection thereof, to pay the principal of and interest on the Certificates, the collection of certain of the revenues derived from the operation of the City's solid waste management system (the *System*), or the imposition of rates and charges with regard to the System, pledged to pay the principal of and interest on the Certificates, or that would otherwise adversely affect in a material manner the financial condition of the City to pay the principal of and interest on the Certificates; and neither the corporate existence or boundaries of the City nor the right to hold office of any member of the governing body of the City or any other elected or appointed official of the City is being contested or otherwise questioned.

6. No petition or other request has been filed with or presented to any official of the City requesting that any proceedings authorizing the issuance of the Certificates adopted by the governing body of the City be submitted to a referendum or other election; no authority or proceeding for the issuance, sale, or delivery of the Certificates by the governing body of the City has been amended, repealed, revoked, rescinded, or otherwise modified since the date of

passage thereof; and all such proceedings and authority relating to the issuance and sale of the Certificates remain in full force and effect as of the date of this certificate.

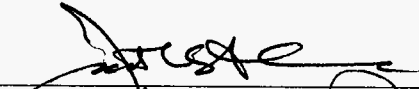
Authorization of Attorney General to Date Certificate

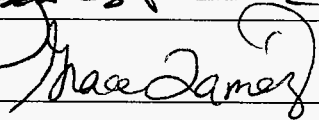
7. This Certificate is submitted pursuant to 1 TAC §53.231. Upon the approval of the Certificates by the Attorney General of the State of Texas, he is authorized to date this Certificate as of the date of such approval. If any litigation should develop, or if any other event should occur which should make this Certificate inaccurate before the Attorney General's approval of the Certificates, we will notify the Attorney General at once by both telephone and facsimile transmission. With this assurance, the Attorney General is entitled to rely on the accuracy of this Certificate at the time of approval of the Certificates unless we advise him otherwise.

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EXECUTED AND DELIVERED this APR 04 2007

SIGNATURE





OFFICIAL TITLE

Mayor, City of Helotes, Texas

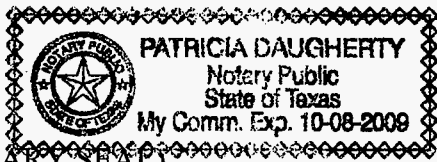
City Secretary, City of Helotes, Texas

(CITY SEAL)

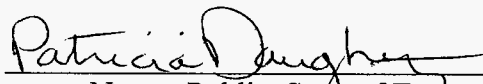
Execute below:

Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose names are subscribed to the foregoing instrument and who executed this document in my presence.

Given under my hand and seal of office this ____ day of March, 2007.



(NOTARY SEAL)



Notary Public, State of Texas

CERTIFICATE AS TO TAX EXEMPTION

The undersigned, being the duly chosen and qualified Mayor of the City of Helotes, Texas (the *City*), hereby certifies with respect to the CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007 in the aggregate principal amount of \$10,000,000 (the *Certificates*), as follows:

A. General.

1. For all purposes of this certificate, unless otherwise defined, all defined terms herein shall have the same meaning given to them in the Ordinance and the Regulations (each as defined below).

2. Pursuant to state law and the Ordinance authorizing the issuance of the Certificates, I, along with other officers of the City, am charged with the responsibility for issuing the Certificates.

3. This certificate is made pursuant to Treasury Regulations Sections 1.141 through 1.150 (the *Regulations*), and sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*).

4. This certificate is based on the facts and estimates described herein in existence on the Closing Date, and, on the basis of such facts and estimates, the City expects that the future events described herein will occur. The City covenants not to take any intentional acts or actions after the Closing Date of the Certificates to earn a Yield upon the investment of the proceeds materially higher than the Yield on the Certificates, except as provided herein.

5. The City's employer identification number is 74-2220224.

B. Purpose and Size.

1. The Certificates are being issued pursuant to an Ordinance of the City adopted on March 8, 2007 (the *Ordinance*) for the purpose or purposes of paying contractual obligations of the City to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) renovation of the existing police facility for municipal complex purposes and constructing additional public safety improvements, including construction of a new fire station and a new police station, (2) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the utility systems in the Old Town Helotes area, conceptual and implementation plan which addresses the infrastructure needs, policy issues, physical and esthetic improvements, and marketing strategy for the Old Town Helotes, (3) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the construction, acquisition and renovation of the Old Town Helotes area, the public safety facility, the police station and fire station, and (4) the payment of professional services related to the construction and financing of the aforementioned projects (the *Project*).

2. The City will, at all times prior to the last Stated Maturity of the Certificates,

(a) exclusively own, operate, and possess all property acquired, constructed, improved, or refinanced with Gross Proceeds and not use or permit the use of any property acquired, constructed, improved, or refinanced with Gross Proceeds in any activity carried on by any person or entity (other than a state or local government), *unless* such use is merely as a member of the general public, or

(b) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds or any property acquired, constructed, improved, or refinanced with Gross Proceeds, other than a charge or other payment merely as a member of the general public or interest earned on Investments acquired with Gross Proceeds pending application for their intended purposes, either or both.

3. The City will 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.

4. The amounts received from the sale of the Certificates, when added to the amount expected to be received from the investment thereof, do not exceed the amounts required to pay the costs of the Project and of issuing the Certificates.

5. No receipt from the sale of the Certificates or amounts received from the investment thereof will be used to pay the principal of or interest on any currently outstanding issue of bonds or other obligations of the City similar to the Certificates other than the Certificates.

C. Source and Disbursement of Funds.

1. The Certificates are being issued and delivered to JPMorgan Chase Bank, N.A., San Antonio, Texas (the *Purchaser*). The Purchaser purchased the Certificates for \$10,000,000.00, which represents a sales price of par and no accrued interest. The City has received as a result of the sale of the Certificates an amount equal to \$10,000,000.00, which represents a purchase price of par and no accrued interest

2. Of the proceeds of the Certificates received by the City from the Purchaser, approximately \$85,756 will be used to pay the costs of issuance relating to the Certificates, and \$9,914,244 will be deposited in a separate checking account of the City (the *Construction Account* or *Fund*) to pay costs of the Project. The City estimates that it will receive \$250,000 in income or profit from the investment of the amounts deposited to the Construction Fund pending the disbursement of such amounts for the governmental purposes for which the Certificates are being issued. Such amount will be used to pay additional costs of the Project or deposited in the

Certificate Fund to pay principal of or interest on the Certificates within one year from the date of receipt.

D. Temporary Periods and Time for Expenditures.

1. Within six months from the date hereof, the City will have incurred binding obligations or commitments in the amount of at least five percent of the principal amount of the Certificates for the Project by entering into contracts for construction, architectural services, engineering services, land acquisition, site development, construction materials, or the purchase of equipment. The City will account for the allocation of the Certificate proceeds to an expenditure not later than 18 months after the later of the date the expenditure is paid or the date the Project is placed in service; but in all events 60 days after the earlier of the fifth anniversary of the date of this Certificate or the retirement of the Certificates.

2. After entering into said contracts, work on the construction or acquisition of the Project will proceed with due diligence to completion, which is expected to occur on, and the proceeds from the sale of the Certificates and investment earnings thereon are expected to be expended by May 1, 2009.

3. Based on the foregoing, the City expects to invest Gross Proceeds, held in the Construction Fund, without regard as to restriction of Yield until April 4, 2010. Thereafter, the City will restrict the Yield on investments of Gross Proceeds held in the Construction Fund to the Yield on the Certificates.

E. Certificate Fund.

1. The Certificates are payable from an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property located within the jurisdiction of the City and by a lien on and pledge of the Pledged Revenues of the System. All taxes levied and collected for and on account of the Certificates are to be deposited into the City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007 Interest and Sinking Fund (the *Certificate Fund*).

2. Except for that portion of the Certificate Fund, if any, consisting of deposits made to defease in whole or in part the Certificates, the Certificate Fund was created primarily to achieve a proper matching of revenues and debt service with respect to the Certificates within each bond year, beginning on the Closing Date and ending on each anniversary of the Closing Date thereafter until the Certificates are no longer Outstanding and will be depleted at least once a year except possibly for a carry-over amount not greater than the larger of the preceding bond year's income from the investment thereof or one-twelfth of the debt service paid during the preceding bond year on the Certificates. All amounts deposited to the Certificate Fund will be spent within 13 months of deposit, and all amounts received from investment of such fund will be deposited therein and will be expended within twelve months of receipt. Any amounts held in the Certificate Fund during such periods are expected to be invested by the City without regard as to restriction of Yield. Any amounts held in the Certificate Fund in excess of such periods will be invested at a Yield not to exceed the Yield on the Certificates.

3. All money deposited in the Certificate Fund will be used solely to pay the principal of, and interest on, the Certificates as the same becomes due and payable, and there will be no other funds that will be so used or pledged or otherwise restricted so as to be available with reasonable certainty to be so used.

F. Yield, Rebate and Miscellaneous.

1. The Yield on the Certificates is 3.9300 percent, as verified by the City's financial advisors.

2. The City has covenanted to account for the Gross Proceeds of the Certificates separately and apart from all other funds of the City from the date hereof.

3. The City reasonably expects that at least 75% of the "Available Construction Proceeds" of the Certificates as defined in Regulation 1.148-7(i) will be allocated to "construction expenditures", as defined in Regulation 1.148-7(g) for property which will be owned by the City. The City elects to use actual facts for purposes of Regulation 1.148-7(e) through (m).

4. Unless the City has qualified for an exception to rebate pursuant to Section 148(f)(4) of the Code, not less frequently than each Computation Date, the City has covenanted in the Ordinance to calculate or cause to be calculated by a nationally recognized accounting, financial advisory firm or financial institution, in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder, the Rebate Amount. The City has covenanted in the Ordinance to maintain such calculations with the official transcript of the proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

5. The City has covenanted in the Ordinance to pay to the United States any amount described in paragraph 4 of this Section, 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.

6. The City does not expect that the proceeds of the Certificates will be used in a manner that would cause the Certificates to be arbitrage bonds within the meaning of section 148 of the Code.

7. The City has covenanted to account for the Gross Proceeds of the Certificates separately and apart from all other funds of the City from the date hereof.

8. The weighted average maturity of the Certificates is 11.85 years, which is less than 120% of the average reasonably expected economic life of the assets acquired or constructed with the proceeds of the Certificates, calculated pursuant to section 147 of the Code.

9. The City has not sold nor will it sell any obligations within 15 days of the sale date of the Certificates.

10. The City has not incurred or issued and will not incur or issue tax exempt bonds (bonds, notes, lease agreements, etc.) pursuant to Section 103(a) of the Code during the current calendar year in an aggregate amount in excess of \$10,000,000, and the City has in the Ordinance and hereby designates the Certificates as "Qualified Tax Exempt Obligations" in accordance with the provisions of paragraph (3) of subsection (b) of Section 265 of the Code.

G. No Abusive Arbitrage Device.

1. In connection with the issuance of the Certificates, the City has not employed any action which has the effect of overburdening the market for tax-exempt obligations by issuing more bonds, issuing bonds earlier, or allowing bonds to remain outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Certificates.

2. In connection with the issuance of the Certificates, the City has not employed any action which has the effect of enabling the City to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage.

[The remainder of this page intentionally left blank.]

Executed and delivered _____ **APR 04 2007**

CITY OF HELOTES, TEXAS



Mayor

FULBRIGHT & JAWORSKI L.L.P.

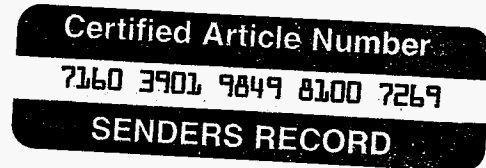
A REGISTERED LIMITED LIABILITY PARTNERSHIP
300 CONVENT STREET, SUITE 2200
SAN ANTONIO, TEXAS 78205-3792
WWW.FULBRIGHT.COM

SCRANE@FULBRIGHT.COM
DIRECT DIAL: 210/270-7127

TELEPHONE: (210) 224-5575
FACSIMILE: (210) 270-7205

April 4, 2007

CERTIFIED MAIL NO. 7160 3901 9849 8100 7269
RETURN RECEIPT REQUESTED



Internal Revenue Service Center
Ogden, Utah 84201

Re: City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates
of Obligation, Series 2007

Ladies and Gentlemen:

I enclose an original and a copy of an Information Return for Tax-Exempt Governmental
Obligations (Form 8038-G) pertaining to the captioned financing.

Please file the original, file-stamp the copy, and return it to me in the enclosed self-
addressed, stamped envelope. Thank you for your assistance.

Very truly yours,

Suzi E. Crane
Senior Paralegal

/sec

Enclosures

cc: George W. Scofield (Firm)

45279958.1

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Helotes Texas		2 Issuer's employer identification number 74 : 2220224	
3 Number and street (or P.O. box if mail is not delivered to street address) 12951 Bandera Road		Room/suite	4 Report number 3 01
5 City, town, or post office, state, and ZIP code Helotes Texas 78023		6 Date of issue 4-4-07	
7 Name of issue Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007		8 CUSIP number N/A	
9 Name and title of officer or legal representative whom the IRS may call for more information James P. Plummer		10 Telephone number of officer or legal representative (210) 270-7192	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input checked="" type="checkbox"/> Other. Describe ► Various municipal projects	18 10,000,000
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	2-1-2027	\$ 10,000,000	\$10,000,000	11.858 years	3.9300 %

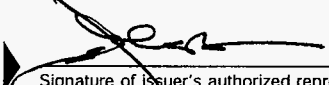
Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)					
22	Proceeds used for accrued interest			22	-0-
23	Issue price of entire issue (enter amount from line 21, column (b))			23	10,000,000
24	24	Proceeds used for bond issuance costs (including underwriters' discount)			
25	25	Proceeds used for credit enhancement			
26	26	Proceeds allocated to reasonably required reserve or replacement fund			
27	27	Proceeds used to currently refund prior issues			
28	28	Proceeds used to advance refund prior issues			
29	29	Total (add lines 24 through 28)			85,756
30	30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			9,914,244

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)	
31	Enter the remaining weighted average maturity of the bonds to be currently refunded years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded years
33	Enter the last date on which the refunded bonds will be called
34	Enter the date(s) the refunded bonds were issued ►

Part VI Miscellaneous	
35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)
b	Enter the final maturity date of the guaranteed investment contract ►
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units
b	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer ► and the date of the issue ►
38	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>
39	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>
40	If the issuer has identified a hedge, check box <input type="checkbox"/>

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here


4-4-07
Jon Allan, Mayor

Signature of issuer's authorized representative Date Type or print name and title





ATTORNEY GENERAL OF TEXAS
GREG ABBOTT

March 30, 2007

THIS IS TO CERTIFY that the City of Helotes, Texas (the "Issuer") has submitted to me City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificate of Obligation, Series 2007 (the "Certificate") in the principal amount of \$10,000,000 for approval. The Certificate is dated March 1, 2007, numbered T-1, and was authorized by an Ordinance of the Issuer passed on March 8, 2007.

I have examined the law and such certified proceedings and other papers as I deem necessary to render this opinion.

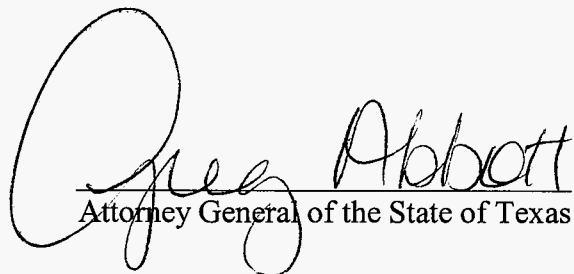
As to questions of fact material to my opinion, I have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to me without undertaking to verify the same by independent investigation.

I express no opinion relating to any official statement or any other offering material relating to the Certificate.

Based on my examination, I am of the opinion, as of the date hereof and under existing law, as follows:

- (1) The Certificate has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Certificate is payable from the proceeds of an ad valorem tax levied, within the limits prescribed by law, upon all taxable property within the Issuer and is further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the Issuer's System, such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on and pledge of such Net Revenues securing payment of any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the Issuer.

Therefore, the Certificate is approved.

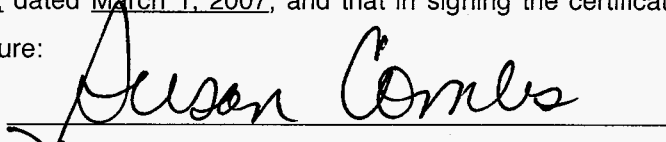

Attorney General of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

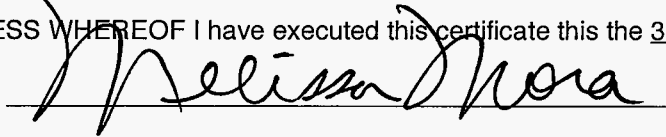
I, Melissa Mora, Bond Clerk Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 30th day of March, 2007, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007,

numbered T-1, dated March 1, 2007, and that in signing the certificate of registration I used the following signature:

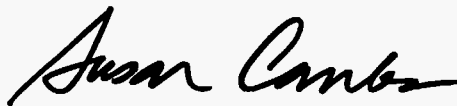


IN WITNESS WHEREOF I have executed this certificate this the 30th day of March, 2007.



I, Susan Combs, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 72656.

GIVEN under my hand and seal of office at Austin, Texas, this the 30th day of March, 2007.



SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER

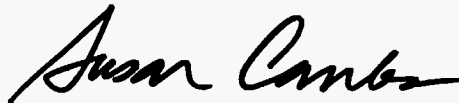
OF THE STATE OF TEXAS

I, SUSAN COMBS, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007

numbered T-1, of the denomination of \$ 10,000,000, dated March 1, 2007, as authorized by issuer, interest 3.93 percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 30th day of March, 2007, under Registration Number 72656.

Given under my hand and seal of office, at Austin, Texas, the 30th day of March, 2007.



SUSAN COMBS
Comptroller of Public Accounts
of the State of Texas

FULBRIGHT & JAWORSKI L.L.P.

A REGISTERED LIMITED LIABILITY PARTNERSHIP
300 CONVENT STREET, SUITE 2200
SAN ANTONIO, TEXAS 78205-3792
WWW.FULBRIGHT.COM

TELEPHONE: (210) 224-5575

FACSIMILE: (210) 270-7205

FINAL

APR 04 2007

IN REGARD to the authorization and issuance of the "City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007" (the *Certificates*), dated March 1, 2007 in the aggregate principal amount of \$10,000,000, we have reviewed the legality and validity of the issuance thereof by the City of Helotes, Texas (the *City*). The Certificates are issuable in fully registered form only, generally in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof, and have stated maturities of February 1 in each of the years 2008 through 2027. The Certificates are not subject to redemption prior to stated maturity. Interest on the Certificates accrues from the dates, at the rates, in the manner, and is payable on the dates as provided in the ordinance authorizing the issuance of the Certificates (the *Ordinance*).

WE HAVE SERVED AS BOND COUNSEL for the City solely to pass upon the legality and validity of the issuance of the Certificates under the laws of the State of Texas and with respect to the exemption of the interest on the Certificates from federal income taxes and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the City or the City's solid waste management system and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Certificates.

WE HAVE EXAMINED, and in rendering the opinions herein we rely upon, original or certified copies of the proceedings of the City Council of the City in connection with the issuance of the Certificates, including the Ordinance; certificates executed by officers of the City relating to the expected use of proceeds of the Certificates and certain other funds of the City and to certain other facts within the knowledge and control of the City; and such other material, including an examination of the Certificate executed and delivered initially by the City, which we found to be in due form and properly executed, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Certificates are valid and legally binding obligations of the City enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. The Certificates are payable from the levy of an ad valorem tax, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a lien on and pledge of the Pledged Revenues (as defined in the Ordinance), being a limited amount of the Net Revenues (as defined in the Ordinance) derived from the operation of the City's solid waste management system (the *System*), such lien on and pledge of the limited amount of Net Revenues being subordinate and inferior to the lien on

Legal Opinion of Fulbright & Jaworski L.L.P. in connection with the authorization and issuance of CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007

and pledge thereof providing for the payment and security any Prior Lien Obligations, Junior Lien Obligations, or Subordinate Lien Obligations hereafter issued by the City. The City has previously authorized the issuance of the Limited Pledge Obligations (as defined in the Ordinance) that are payable from a lien on and pledge of a limited amount of Net Revenues of the System as described in the ordinance authorizing the issuance of the currently outstanding Limited Pledge Obligations. In the Ordinance, the City retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Subordinate Lien Obligations, and Additional Limited Pledge Obligations (each as defined in the Ordinance) without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

IT IS FURTHER OUR OPINION THAT, assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance and in reliance upon the representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Certificates, under existing statutes, regulations, published rulings, and court decisions interest on the Certificates will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and interest on the Certificates will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations.

WE CALL YOUR ATTENTION TO THE FACT THAT, interest on all tax-exempt obligations, such as the Certificates, owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a mutual fund, a financial asset securitization investment trust, a real estate mortgage investment conduit, or a real estate investment trust. A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.



March 8, 2007

Ms. Melissa Mora
Bond Registration Division
Comptroller of Public Accounts
Thomas Jefferson Rusk Building
208 East 10th Street, 6th Floor, Room 636
Austin, Texas 78701-2407

Re: City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates
of Obligation, Series 2007 (the "Certificates")

Dear Ms. Mora:

The initial Certificate prepared in connection with the captioned financing will be delivered to you by the Attorney General when approved by him. We request that you register the initial Certificate on behalf of the Issuer and, when so registered, that you mail it, along with four copies of the approving opinion of the Attorney General, together with the Comptroller's registration certificate, directly to the offices of Fulbright & Jaworski L.L.P., 300 Convent Street, Suite 2200, San Antonio, Texas 78205, Attn: W. Jeffrey Kuhn.

Thank you for your assistance in this matter.

Very truly yours,

CITY OF HELOTES, TEXAS


Mayor

March 8, 2007

Mr. Charles T. Bridgman
JPMorgan Chase Bank, N.A.
1020 Northeast Loop 410, First Floor
San Antonio, Texas 78209

Attn: Corporate Trust Department

Re: "City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of
Obligation, Series 2007", dated March 1, 2007 (the *Certificates*)

Dear Mr. Bridgman:

The payment for and delivery of the Certificates to the initial purchaser is to occur at your Bank. Preliminary to the delivery of the Certificates, you will receive a single fully-registered obligation in the total principal amount of the Certificates (the *Initial Obligation*) from the firm of Fulbright & Jaworski L.L.P., 300 Convent Street, Suite 2200, San Antonio, Texas 78205, Attn: W. Jeffrey Kuhn. You are authorized to deliver the Initial Obligation to the initial purchaser thereof, or their order, upon payment being made therefor in immediately available funds in accordance with the terms of the enclosed Receipt.

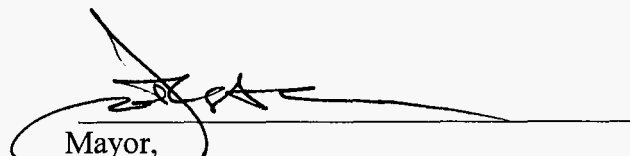
When payment for the Initial Obligation has occurred, please transmit the proceeds thereof by the fastest means available in immediately available funds to the Issuer's depository bank.

I enclose two copies of a Signature and No-Litigation Certificate, Certificate as to Tax Exemption, and Receipt, each executed and completed except as to date. When payment for the Initial Obligation is made, please date and release to the initial purchaser one copy of the Signature and No-Litigation Certificate and Certificate as to Tax Exemption, and return the remaining copies of such certificates and all copies of the Receipt to Bond Counsel at the address shown in the first paragraph of this letter.

Should any litigation having any effect upon the Initial Obligation develop prior to the time you have received payment for it, I will notify you at once by telephone or by telegraph. You may thus be assured that there is no such litigation at the time the Initial Obligation is delivered by you unless you have been advised otherwise as provided herein.

Thank you for your assistance in this matter.

Very truly yours,



Mayor,
City of Helotes, Texas

CERTIFICATE OF SECRETARY

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §
 §
CITY OF HELOTES ECONOMIC §
DEVELOPMENT CORPORATION §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 3rd day of March, 2007, the Board of Directors (the *Board*) of the City of Helotes Economic Development Corporation (the *Corporation*) convened in special session at its regular meeting place in the City Hall (the *Meeting*), the duly constituted members of the Board being as follows:

Ardith Garner	President
Stuart Birnbaum	Vice President
Drue Helms	Secretary
Lorraine Castillo	Member
Keith Muhlestein	Member
Cynthia Massey	Member
Manuel Longoria, Jr.	

and all of such persons were present at the Meeting, except the following: Birnbaum, Castillo, thus constituting a quorum. Among other business considered at the Meeting, the attached resolution (the *Resolution*) entitled:

RESOLUTION BY THE BOARD OF DIRECTORS OF THE CITY OF
HELOTES ECONOMIC DEVELOPMENT CORPORATION AUTHORIZING
AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE
CORPORATION AND THE CITY OF HELOTES, TEXAS; AND OTHER
MATTERS IN CONNECTION THEREWITH

was introduced and submitted to the Board for passage and adoption. After presentation and discussion of the Resolution, a motion was made by Member Helms that the Resolution be finally passed and adopted. The motion was seconded by Member Massey and carried by the following vote:

5 voted "For" 0 voted "Against" 0 abstained

all as shown in the official Minutes of the Board for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the Corporation; the duly qualified and acting members of the Board of the Corporation on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and

purpose of the Meeting and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Corporation, this 3rd day of March, 2007.


for Secretary, Board of Directors
City of Helotes Economic Development
Corporation

(SEAL)

WAIVER OF NOTICE AND CONSENT TO SPECIAL MEETING

WE, the undersigned members of the Board of Directors of the City of Helotes Economic Development Corporation, HEREBY WAIVE NOTICE and CONSENT to the holding of a special meeting of the Board of Directors to be held on the 3rd day of March, 2007, at 10 o'clock, a.m., in the regular meeting place of the Board of Directors at the City Hall for the purpose of passing, adopting, or otherwise acting upon

RESOLUTION BY THE BOARD OF DIRECTORS OF THE CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION AUTHORIZING AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE CORPORATION AND THE CITY OF HELOTES, TEXAS; AND OTHER MATTERS IN CONNECTION THEREWITH

and for the purpose of acting upon such other matters as may properly come before such meeting.

SIGNED this 9 day of March, 2007.


Absent Member


Absent Member

Absent Member

Absent Member

RESOLUTION BY THE BOARD OF DIRECTORS OF THE CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION AUTHORIZING AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE CORPORATION AND THE CITY OF HELOTES, TEXAS; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City of Helotes, Texas (the *City*) is authorized pursuant to the provisions of Section 4B, as amended, Texas Revised Civil Statutes Annotated Article 5190.6 (the *Act*) to create a nonprofit industrial development corporation (the *Corporation*);

WHEREAS, on October 24, 2002 the City Council (the *Council*) of the City called an election concerning the levy of an additional sales and use tax for the benefit of the Corporation pursuant to the provisions of Section 4B of the Act to determine if the qualified voters of the City would approve the levy of this additional sales and use tax in the amount of one-half of one percent ($\frac{1}{2}$ of 1%) (the *Sales Tax*) within the City for the benefit of the Corporation; and

WHEREAS, this election was held on February 1, 2003 (the *Election*) and the qualified citizens of the City approved the levy of the Sales Tax; and

WHEREAS, the Council previously adopted an ordinance and a resolution approving (i) the creation of the Corporation, (ii) its articles of incorporation, and (iii) its bylaws, and levied the Sales Tax in accordance with the provisions of the Act; and

WHEREAS, the levy of the Sales Tax has been approved by the Comptroller of Public Accounts for the State of Texas (the *Comptroller*) and has been and will be collected by the Corporation in the form, time, and manner as provided in the Act and pursuant to the provisions of Chapter 321, as amended, Texas Tax Code; and

WHEREAS, the Council pursuant to an ordinance previously adopted by the Council authorized the levy of the Sales Tax;

WHEREAS, the Council and the Board of Directors (the *Board*) of the Corporation previously published a notice and conducted a public hearing in accordance with the provisions of the Act with respect to constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the utility systems in the Old Town Helotes area, conceptual and implementation plan which addresses the infrastructure needs, policy issues, physical and esthetic improvements, and marketing strategy for the Old Town Helotes (the *Projects*).

WHEREAS, the City was advised by its financial advisors, Southwest Securities, Inc., Inc., that the Projects could be financed at a lower interest cost by the City through the issuance of certificates of obligation (the *Certificates*);

WHEREAS, the City will receive the proceeds of the Certificates on or about April 4, 2007;

WHEREAS, reducing the costs relating to the Projects will benefit the Corporation and the City;

WHEREAS, the agreement attached hereto as Exhibit A is approved by the Board to provide for the transfer of funds, being a portion of the Sales Tax, by the Corporation to the City to pay a portion of the debt service requirements on the Certificates and to maintain and operate the Projects, and to pay certain other costs of the Projects;

WHEREAS, the Board hereby finds and determines the adoption of this Resolution and the execution of the agreement are in the best interests of the Corporation; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION THAT:

SECTION 1: The agreement attached hereto as Exhibit A is incorporated by reference to this Resolution for all purposes.

SECTION 2: The President, Board of Directors and the Secretary, Board of Directors of the Corporation are hereby authorized to execute and seal the agreement.

SECTION 3: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 4: All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 5: This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 6: If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 7: It is officially found, determined, and declared that the meeting at which this Resolution 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 Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 8: This Resolution shall be in force and effect from and after the date of its adoption, and it is so resolved.

PASSED AND APPROVED, this the 3rd day of March, 2007.

CITY OF HELOTES ECONOMIC
DEVELOPMENT CORPORATION



President, Board of Directors

ATTEST:

for 

Secretary, Board of Directors

(Corporation Seal)

EXHIBIT A

Interlocal Cooperative Agreement

See Tab No. 16

INTERLOCAL COOPERATIVE AGREEMENT BETWEEN CITY OF HELOTES ECONOMIC DEVELOPMENT CORPORATION AND THE CITY OF HELOTES, TEXAS RELATING TO THE ANTICIPATED TRANSFER OF CERTAIN PROCEEDS OF THE SALES AND USE TAX RECEIVED BY THE CORPORATION TO THE CITY TO PROVIDE FOR THE PAYMENT OR REIMBURSEMENT OF CERTAIN COSTS RELATING TO THE CONSTRUCTION OF CERTAIN PUBLIC PROJECTS IN THE CITY; AND OTHER MATTERS IN CONNECTION THEREWITH

This agreement (the *Agreement*) is made to be effective as of the 8th day of March, 2007 by and between the City of Helotes, Texas, a duly incorporated and existing Type A general law municipality and political subdivision of the State of Texas (the *City*) and the City of Helotes Economic Development Corporation, a non-profit industrial development corporation (the *Corporation*) organized and existing under the laws of the State of Texas, including Section 4B of Texas Revised Civil Statutes Annotated Article 5190.6, as amended (the *Act*).

RECITALS

WHEREAS, on October 24, 2002 the City Council (the *Council*) of the City called an election concerning the levy of an additional sales and use tax for the benefit of the Corporation pursuant to the provisions of Section 4B of the Act to determine if the qualified voters of the City would approve the levy of this additional sales and use tax in the amount of one-half of one percent ($\frac{1}{2}$ of 1%) (the *Sales Tax*) within the City for the benefit of the Corporation; and

WHEREAS, this election was held on February 1, 2003 (the *Election*), and the qualified citizens of the City approved the levy of the Sales Tax; and

WHEREAS, the Council thereafter adopted an ordinance and a resolution approving (i) the creation of the Corporation, (ii) its articles of incorporation, and (iii) its bylaws, and levied the Sales Tax in accordance with the provisions of the Act; and

WHEREAS, the Council and the Board hereby confirm that the notice and public hearing requirements of the Act have been complied with; and

WHEREAS, the levy of the Sales Tax has been approved by the Comptroller of Public Accounts for the State of Texas (the *Comptroller*) and has been and will be collected by the Corporation in the form, time, and manner as provided in the Act and pursuant to the provisions of Chapter 321, as amended, Texas Tax Code; and

WHEREAS, the Secretary of State for the State of Texas approved the initial charter for the articles of incorporation of the Corporation; and

WHEREAS, the organizational meeting of the Corporation was previously conducted, and at such meeting the Board of Directors (the *Board*) of the Corporation approved the Corporation's articles of incorporation and bylaws, elected officers of the Corporation, and addressed various other organizational aspects of the Corporation; and

WHEREAS, the City and the Corporation hereby find and determine that constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the utility systems in the Old Town Helotes area, conceptual and implementation plan which addresses the infrastructure needs, policy issues, physical and esthetic improvements, and marketing strategy for the Old Town Helotes (the *Initial Projects*) qualify as permitted projects pursuant to Section 4B of the Act; and

WHEREAS, the City and Corporation expressly acknowledge and recognize that any Sales Tax proceeds may only be utilized to pay the "Costs" of "Projects", each as defined in the Act, including, but not limited to, the Initial Projects and subject to the limitations contained in Section 4B of the Act and the Election; and

WHEREAS, the City will own the Initial Projects and will have full responsibility for the design and construction of the Initial Projects and the Corporation shall have no duties or responsibilities with respect to the Initial Projects other than as provided in this Agreement; and

WHEREAS, under the current policies and procedures established by the Comptroller the 1% sales and use tax belonging to the City and the Sales Tax belonging to the Corporation are collected, commingled, and remitted directly to the City in undivided interests and without allocations or notations of ownership as between the City and the Corporation; and

WHEREAS, it is appropriate and necessary that the City and the Corporation adopt formal procedures by which the City's 1% sales and use tax and the Corporation's Sales Tax are collected, deposited, held, identified, allocated, and transferred to or for the benefit of the Corporation; and

WHEREAS, the City can obtain financing for the construction of the Initial Projects on more favorable terms than could the Corporation; and

WHEREAS, the City will authorize the issuance of obligations designated as "City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007", in the principal amount not to exceed \$10,000,000 (the *Certificates*) to pay for a portion of the Initial Projects and other capital infrastructure improvements in the City;

WHEREAS, this Agreement shall constitute an interlocal cooperative agreement as authorized pursuant to the provisions of Chapter 791, as amended, Texas Government Code;

WHEREAS, the adoption of this Agreement is hereby found and determined to be in the best interest of the citizens of the City and the Corporation;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1: Duties of the City. The City hereby agrees to perform the following duties:

1.1 The City will own and construct the Initial Projects and is responsible for all aspects of the construction, acquisition, design, upkeep, maintenance and operation of the Initial

Projects (subject to the provisions of the Act and the Election) and in connection therewith, the City shall comply with all applicable law relating to the construction of public works, including, without limitation, the provisions of Chapter 2253, as amended, Texas Government Code (pertaining to public works performance and payment bonds).

1.2 The City will issue the Certificates to provide the initial capital required to construct the Initial Projects and certain other capital infrastructure projects in the City. The City shall be solely responsible for making the annual payments of principal of and interest on this indebtedness pursuant to terms and conditions for the issuance of the Certificates.

1.3 Any Sales Tax proceeds transferred by the Corporation to the City shall not be pledged to pay any indebtedness of the City in accordance with the provisions of Section 321.506, as amended, Texas Tax Code. Upon receipt of any Sales Tax proceeds from the Corporation, the City may utilize any such funds for any lawful purpose in accordance with the provisions of this Agreement and applicable law.

SECTION 2: Duties of Corporation. The Corporation hereby agrees to perform the following duties:

2.1 In consideration of the City's agreement to undertake the actions set forth in Section 1 hereof, the Corporation shall transfer on an annual basis lawfully available Sales Tax proceeds to the City to pay a portion of the debt service requirements on the Certificates that are scheduled to be sold on March 8, 2007 and delivered on April 4, 2007, upon a determination by the Board of Directors of the Corporation that any and all financial obligations of the Corporation for the then current fiscal year of the Corporation have been provided for or otherwise satisfied. These obligations include, but are not limited to, the payment of all of the Corporation's administrative expenses, the payment of all debt service requirements on any indebtedness issued by the Corporation, and the funding of all debt service reserve or other funds created in any resolution authorizing the issuance of any indebtedness by the Corporation. Accordingly, any transfer of Sales Tax proceeds to the City by the Corporation shall be at the sole discretion of the Board of Directors of the Corporation and shall only constitute the transfer of surplus Sales Tax Proceeds. These findings must be confirmed by the Board of Directors of the Corporation prior to the transfer of any Sales Tax proceeds to the City. The Corporation expects to be obligated to pay the City for the debt service requirements representing a principal amount of \$4,000,000 and interest accruing thereon as set forth in Exhibit A hereto. To the extent that the Corporation does not receive \$4,000,000 from the sale of the Certificates then Exhibit A shall be amended by the Council and the Board to accurately reflect the Corporation's financial obligations to the City.

SECTION 3: Limitation on Use of Sales Tax Proceeds. The City and the Corporation expressly recognize and covenant that any Sales Tax proceeds transferred to the City by the Corporation may only be expended to construct Projects, including the Initial Projects, or to reimburse the City for the construction costs relating to any such Projects, including the Initial Projects all as provided in the Act and applicable law.

SECTION 4: Amendments and Modifications. This Agreement shall be binding upon the City and the Corporation and their respective successors and legal representatives and shall inure solely to the benefit of the City and Corporation and their respective successors and legal representatives. Furthermore, no alteration, amendment, or modification of any provision of this

Agreement shall be effective unless (1) prior written consent of such alteration, amendment, or modification shall have been obtained from the parties hereto, and (2) such alteration, amendment, or modification is in writing and signed by the parties hereto. The City and the Corporation may amend this Agreement to address the construction or financing of other Projects (other than the Initial Projects) upon compliance with the provisions of the Act and with applicable law.

SECTION 5: Collection and Transfer of Undivided Sales Tax Receipts. The City hereby requires and orders that all remittances of commingled sales and use tax collections belonging to the City and the Corporation in undivided interests (the *Undivided Sales Tax Receipts*) shall be deposited as received, or transmitted by the Comptroller directly, to the depository account of the City held and maintained by the City at its official depository bank (the *Depository Bank*) designated from time to time by the Council, or as otherwise directed by the City, and the City shall request the Comptroller to transmit such funds by the earliest available and feasible means under the policies of the Comptroller in effect from time to time. The City expressly reserves the right (i) to direct the Comptroller to deposit these funds with an institution other than the Depository Bank and (ii) to invest these funds in accordance with the laws of the State of Texas.

Immediately upon receipt of the Undivided Sales Tax Receipts from the Comptroller, the City Administrator, or her designee, shall determine the share of the Undivided Sales Tax Receipts belonging to the Corporation, in accordance with Section 4B of the Act. Such person shall, as soon as possible thereafter, deposit a check drawn on the City's account (or otherwise transfer from such account) to the account of the Corporation at its depository financial institution representing the Corporation's share of the Undivided Sales Tax Receipts. The City shall maintain internal records to document all such transfers of the Corporation's share of the Undivided Sales Tax Receipts.

The Depository Bank shall not have any responsibility to verify or determine the accuracy of the amounts certified to it from time to time according to this Section.

SECTION 6: Receipt and Transfer of Proceeds of Sales Tax. The Corporation agrees, in cooperation with the City, to take such actions as are required to cause the Sales Tax proceeds received from the Comptroller for and on behalf of the Corporation to be transferred and deposited immediately upon receipt by the Corporation to the credit of the banking or monetary fund maintained at the depository designated by the Corporation.

SECTION 7: Acceptance of Depository Responsibilities. The City Administrator is authorized and directed to develop procedures pursuant to which the requirements of this Agreement are met, including the incorporation of this Agreement by the City into and as part of the bidding procedures by which the City designates and selects its Depository Bank or Banks from time to time.

Each Depository Bank, by its acceptance of its designation as depository of the City, agrees to abide by the terms and provisions of this Agreement.

All reasonable costs, if any, of the Depository Bank associated with the administration of the terms and provisions of this Agreement shall be paid for by the Corporation as an administrative expense under this Agreement and shall be paid by the Corporation upon receipt

of statements therefor from the Depository Bank. Such costs, if any, shall never constitute a cost, liability, or obligation of the City.

SECTION 8: Recognition of Tax Exempt Financing. The Corporation hereby acknowledges and recognizes that the Certificates are being issued as “state or local bonds” under and pursuant to section 103(a) of the Internal Revenue Code of 1986, as amended, and the Corporation hereby covenants and agrees with respect to the use of proceeds of sale of the Certificates and the use of the Projects as follows:

(a) Definitions. When used in this Section, the following terms have the following meanings:

“*Closing Date*” means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

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

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Certificates.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Certificates are invested and which is not acquired to carry out the governmental purposes of the Certificates.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Certificates. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of (i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (ii) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The Corporation 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

Certificate 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 Corporation receives 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 Certificate, the Corporation 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 Certificates:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Certificates, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Certificates or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(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 of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (ii) 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 (iii) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such 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 Corporation shall not at any time prior to the final Stated Maturity of the Certificates 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 Certificates.

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

(g) Payment of Rebatable Arbitrage. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The Corporation 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 accounting for at least six years after the day on which the last Outstanding Certificate is discharged. However, to the extent permitted by law, the Corporation may commingle Gross Proceeds of the Certificates with other money of the Corporation, provided that the Corporation separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the Corporation shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The Corporation shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Certificates by the Purchasers and the use 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 Corporation shall remit to the Corporation for payment to the United States the amount described in paragraph (g)(ii) above and the amount described in paragraph (g)(iv) below, at the times, 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.

(iv) The Corporation shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraph (g)(ii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including the amount remitted to the Corporation for payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

SECTION 9: Default. In the event that either the Corporation or the City should violate any of the terms of this Agreement, the other party shall promptly notify the other respective party of the violation. In the event this violation is not cured within thirty (30) days after the sending of such notice, the party sending the notice may at its discretion notify the other party of its intention to declare this Agreement forfeited and null and void. Upon such notice, the

delinquent party shall have thirty (30) days to cure this violation prior to final action by the other party declaring this Agreement forfeited and null and void.

SECTION 10: Miscellaneous; Assignment. All the situations, promises, undertaking and agreements herein contained by or on behalf of either the Corporation or the City shall bind the successors and assigns of either party, whether so expressed or not but neither the Corporation nor the City shall have the right to assign this Agreement, or any part thereof except as hereinafter provided without the written consent of the other party. Either party may waive any default on the part of the opposite affecting any other provision of this Agreement; and a waiver of any one default shall not be deemed a waiver of any other or subsequent default or defaults. No delay by either party in enforcing any of its rights under this Agreement shall be deemed a waiver of such rights.

SECTION 11: Approval and Consent. Unless otherwise provided herein, any approval or consent required by the provisions of this Agreement by the City or the Corporation shall be evidenced by a written resolution adopted by the governing body of the party giving such approval or consent. Upon receipt of such written resolution duly certified by the appropriate party, the City or the Corporation can conclusively act on the matter requiring such approval.

SECTION 12: Addresses and Notice. Unless otherwise provided herein, any notice, communication, request, reply, or advice (herein severally and collectively, for convenience, called "Notice") herein provided or permitted to be given, made or accepted by any party to any other party must be in writing and may be given or be served by depositing the same in the United States mail postpaid and registered or certified and addressed to the party to be notified, with return receipt requested, or by delivering the same to an officer of such party, or by prepaid telegram when appropriate, addressed to the party to be notified. Notice deposited in the mail in the manner hereinabove described shall be conclusively deemed to be effective, unless otherwise stated herein, from and after the expiration of three days after it is so deposited. Notice given in any other manner shall be effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties hereto shall, until changed as hereinafter provided, be as follows:

A. If to the City, to:

City of Helotes, Texas
12951 Bandera Road
Helotes, Texas 78023
Attention: City Administrator

B. If to the Corporation, to:

City of Helotes Economic Development Corporation
12951 Bandera Road
Helotes, Texas 78023
Attention: President, Board of Directors

The parties hereto shall have the right from time to time and at any time to change their respective addresses and each shall have the right to specify as its address any other address by at least ten (10) days' written notice to the other parties hereto.

SECTION 13: Covenants. The City and the Corporation covenant that they will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Agreement. The City and the Corporation covenant that they are duly authorized under the laws of the State of Texas to execute and deliver this Agreement, that all actions on their part as provided herein and the execution and delivery of this Agreement have been duly and effectively taken according to the import thereof as provided in this Agreement.

SECTION 14: Venue. Any damages for the breach of this Agreement shall be paid and be due in Bexar County, Texas, which is the County in which the principal administrative offices of the City and the Corporation are located. It is specifically agreed among the parties to this Agreement that Bexar County, Texas, is the place of performance of this Agreement; and in the event that any legal proceeding is brought to enforce this Agreement or any provision hereof, the same shall be brought in Bexar County, Texas.

SECTION 15: Legal Fees. In the event it is necessary for either party to commence legal action of any kind to enforce its rights hereunder, the prevailing party in such litigation shall be entitled to collect all court costs and reasonable attorney's fees and expenses incurred in connection therewith.

SECTION 16: Force Majeure. In the event that either party shall be entirely prevented from completing performance of its obligations hereunder by an act of God or any other occurrence whatsoever which is beyond the control of such party, then such party shall be excused from any further performance of its obligations and undertakings hereunder. In the event that the performance of either party of any obligations or undertakings hereunder shall be interrupted or delayed by any occurrence and not occasioned by the conduct of either party hereto, whether such occurrence be an act of God or the common enemy or the result of war, riot, civil commotion, sovereign conduct, or the act or conduct of any person or persons not party or privy hereto, then he shall be excused from such performance for such period of time as is reasonably necessary after such occurrence to remedy the effects thereof.

SECTION 17: Holiday. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, is not a business day, such payment may be made or act performed or right exercised on the next succeeding business day with the same force and effect as if done on the date provided therefor herein.

SECTION 18: Counterparts. This Agreement may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

SECTION 19: Entire Agreement. This Agreement contains the entire agreement between the parties pertaining to the subject matter hereof and fully supersedes all prior agreements and understandings between the parties pertaining to such subject matter.

SECTION 20: Captions. The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent and for any purpose, to limit or define the text of any section or any subsection hereof.

SECTION 21: Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Agreement for all purposes and are adopted as a part of the judgment and findings of the Council and the Board of Directors of the Corporation.

SECTION 22: Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Agreement are hereby repealed to the extent of such conflict, and the provisions of this Agreement shall be and remain controlling as to the matters provided herein.

SECTION 23: Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 24: Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Agreement and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Corporation and the City hereby declare that this Agreement would have been enacted without such invalid provision.

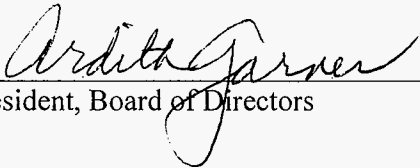
SECTION 25: Construction. Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. This Agreement and all the terms and provisions hereof shall be constructed to effectuate the purposes set forth herein and to sustain the validity of this Agreement.

SECTION 26: Compliance with Texas Open Meetings Act. It is officially found, determined, and declared that the meeting of each of the City and the Corporation at which this Agreement 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 Agreement, was given, all as required by Chapter 551, as amended, Texas Government Code.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date and year first above written.

CITY OF HELOTES ECONOMIC
DEVELOPMENT CORPORATION



President, Board of Directors

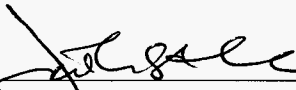
ATTEST:

for 

Secretary, Board of Directors

(Corporation Seal)

CITY OF HELOTES, TEXAS



Mayor

ATTEST:



City Secretary

(City Seal)

EXHIBIT A

Corporation's portion of the Debt Service Requirements on the Certificates

DETAILED BOND DEBT SERVICE

City of Helotes, Texas
 Certificates of Obligation, Series 2007
 Exhibit 'A'

Sales Tax Portion (CIB2)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/04/2007					
02/01/2008	60,000	3.930%	129,690.00	189,690.00	
08/01/2008			77,421.00	77,421.00	
09/30/2008					267,111.00
02/01/2009	140,000	3.930%	77,421.00	217,421.00	
08/01/2009			74,670.00	74,670.00	
09/30/2009					292,091.00
02/01/2010	145,000	3.930%	74,670.00	219,670.00	
08/01/2010			71,820.75	71,820.75	
09/30/2010					291,490.75
02/01/2011	150,000	3.930%	71,820.75	221,820.75	
08/01/2011			68,873.25	68,873.25	
09/30/2011					290,694.00
02/01/2012	155,000	3.930%	68,873.25	223,873.25	
08/01/2012			65,827.50	65,827.50	
09/30/2012					289,700.75
02/01/2013	165,000	3.930%	65,827.50	230,827.50	
08/01/2013			62,585.25	62,585.25	
09/30/2013					293,412.75
02/01/2014	170,000	3.930%	62,585.25	232,585.25	
08/01/2014			59,244.75	59,244.75	
09/30/2014					291,830.00
02/01/2015	180,000	3.930%	59,244.75	239,244.75	
08/01/2015			55,707.75	55,707.75	
09/30/2015					294,952.50
02/01/2016	185,000	3.930%	55,707.75	240,707.75	
08/01/2016			52,072.50	52,072.50	
09/30/2016					292,780.25
02/01/2017	195,000	3.930%	52,072.50	247,072.50	
08/01/2017			48,240.75	48,240.75	
09/30/2017					295,313.25
02/01/2018	200,000	3.930%	48,240.75	248,240.75	
08/01/2018			44,310.75	44,310.75	
09/30/2018					292,551.50
02/01/2019	210,000	3.930%	44,310.75	254,310.75	
08/01/2019			40,184.25	40,184.25	
09/30/2019					294,495.00
02/01/2020	220,000	3.930%	40,184.25	260,184.25	
08/01/2020			35,861.25	35,861.25	
09/30/2020					296,045.50
02/01/2021	230,000	3.930%	35,861.25	265,861.25	
08/01/2021			31,341.75	31,341.75	
09/30/2021					297,203.00
02/01/2022	240,000	3.930%	31,341.75	271,341.75	
08/01/2022			26,625.75	26,625.75	
09/30/2022					297,967.50
02/01/2023	250,000	3.930%	26,625.75	276,625.75	
08/01/2023			21,713.25	21,713.25	
09/30/2023					298,339.00
02/01/2024	260,000	3.930%	21,713.25	281,713.25	
08/01/2024			16,604.25	16,604.25	
09/30/2024					298,317.50
02/01/2025	270,000	3.930%	16,604.25	286,604.25	
08/01/2025			11,298.75	11,298.75	
09/30/2025					297,903.00
02/01/2026	280,000	3.930%	11,298.75	291,298.75	

DETAILED BOND DEBT SERVICE

City of Helotes, Texas
Certificates of Obligation, Series 2007
Exhibit 'A'

Sales Tax Portion (CIB2)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2026			5,796.75	5,796.75	
09/30/2026					297,095.50
02/01/2027	295,000	3.930%	5,796.75	300,796.75	
09/30/2027					300,796.75
	4,000,000		1,870,090.50	5,870,090.50	5,870,090.50

EXHIBIT B

Prioritization, Description, and Estimated Cost of Old Town Helotes Capital Projects

<u>Project Title</u>	<u>Project Description</u>	<u>Cost</u>
Tier One:		
Water Line	A 12-inch water line will be installed along Old Bandera Road and Riggs Road, from the Helotes Elementary School to Antonio Drive.	\$1,100,000
Primary, Secondary, and Northern Gateways	<p>Establish primary gateways at the intersection of Highway 16 and Scenic Loop Drive and at the southern intersection of Old Bandera and Highway 16.</p> <p>Create secondary gateways at Floore Drive and Highway 16, at Old Bandera and Riggs Roads, adjacent to the Helotes Elementary School on Riggs Road, and at the northern intersection of Highway 16 and Old Bandera.</p>	\$435,000
Streetscaping within the Mixed-Use Village Area	<p>Implement streetscape concepts A-C along both sides of Old Bandera Road from the intersection at Scenic Loop Drive to the southern intersection with Highway 16.</p> <p>Implementation of street lighting, upgraded pedestrian crossings, drinking fountains, bike racks, and a bridge over Helotes Creek are also suggested.</p>	\$1,130,000
Streetscaping on Riggs Road to the Helotes Elementary School	<p>Implement streetscape concepts A-C along both sides of Riggs Road from the intersection at Old Bandera Road to the Helotes Elementary School.</p> <p>Implementation of street lighting, upgraded pedestrian crossings, drinking fountains, and bike racks along Riggs Road are also suggested.</p>	\$410,000
Wayfinding within the Mixed-Use Village Area	Install level III and IV signage throughout the Mixed-Use Village area.	\$15,000
Additional Parking Improvements within the Mixed-Use Village Area	Establish a public shared parking facility south of the southern intersection of Old Bandera Road and Highway 16, as shown in the Illustrative Plan Diagram in Attachment G.	\$155,000
Parking Improvements within the Mixed-Use Village Area	Establish public shared parking facilities north of Helotes Creek and a temporary gravel lot at the southern intersection of Old Bandera Road and Highway 16 as shown in the Illustrative Plan Diagrams in Attachments G and H.	\$250,000
	Total:	\$3,495,000
Option	Establish public shared parking facilities within and outside the Mixed-Use Village area.	\$505,000
	Total (including Option):	\$4,000,000

EXHIBIT C

Description and Estimated Cost of Remaining Old Town Helotes Capital Projects

<u>Project Title</u>	<u>Project Description</u>	<u>Cost</u>
Tier Two:		
Streetscaping in the Transition Area	Extend streetscaping along Old Bandera Road north of Scenic Loop Drive to the gateway at Highway 16.	\$170,000
Streetscaping along Riggs Road	Extend less intensive streetscaping, including a path/sidewalk and intermittent lighting, south along Riggs Road from the Helotes Elementary School to Galm Road.	\$250,000
Wayfinding Outside of the Mixed-Use Village Area	Install level II-IV signage in the Transition Area, Commercial Village, and along the southern portion of Riggs Road.	\$20,000
South Gateway Opportunity Site	Include upgrades to the parking lot at the southern intersection of Highway 16 and Old Bandera Road to allow it to function as a "festival lot." Development of the information center just north of the festival lot will help the site serve as a major gateway to Old Town.	\$1,300,000
Highway 16 Pedestrian Underpass	Construct a pedestrian underpass at or near Helotes Creek to provide a direct pedestrian and bicycle connection between Old Town and the Commercial Village.	\$945,000
	Total:	\$2,685,000
Tier Three:		
Capital Improvements on Highway 16	Coordinate with the Texas Department of Transportation and private property owners to implement streetscaping and other aesthetic and pedestrian upgrades along Highway 16.	*\$1,050,000
Additional Parking Improvements	Provide additional parking in the Old Town area, as needed. Appropriate locations for additional public parking facilities include the area south of Helotes Elementary School and just north of the Northern Gateway intersection.	\$260,000
Creek Path	Establish a path along Helotes Creek from the Commercial Village area across Highway 16 (at street grade), over the pedestrian bridge, through Old Town Park, and onward to the Helotes Elementary School.	\$160,000
Old Town Park	Acquire and upgrade property for a community park in Old Town. Upgrades could include a public rest room with a shaded gathering area, a bandshell gazebo, a small playground area, or improvements to allow the park to serve as an additional space for public events.	\$300,000
Park Improvements East of Highway 16	Extend Old Town Park along Helotes Creek to the east side of Highway 16.	No cost reported
	Total:	\$1,770,000
	Grand Total:	\$7,950,000

* Does not assume TxDOT funding or improvements made by private developers



CLOSING MEMORANDUM

**\$10,000,000
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION,
SERIES 2007 (THE "CERTIFICATES")**

Date: March 29, 2007
To: Attached Distribution List
From: Mark M. McLiney
Southwest Securities
(210) 226-8677

1. The above-referenced Certificates are scheduled to close on Wednesday, April 4, 2007 at 10:00 A.M., Central Time. A debt service schedule is attached as Exhibit "A".
2. **JPMorgan Chase Bank, N.A.** (the "**Purchaser**") will purchase the Certificates for \$10,000,000. There will be no accrued interest.
3. Disbursement of Funds:

A. **JPMorgan Chase Bank, N.A.**, also serving as the paying agent/registrar (the "**Paying Agent/Registrar**") shall wire \$9,904,244 to the City of Helotes, Texas (the "**City**") for deposit at **Sterling Bank** (the City's "**Depository Bank**"), ABA# 113005549, Account # 3115024820, Account Name: City of Helotes Certificates of Obligation, Attn: Carlin Friar (210) 277-3240.

B. The **Paying Agent** shall wire \$95,756 to Southwest Securities for the fees and expenses associated with the Legal Authorization and Issuance of the Certificates to JPMorgan Chase Bank, Houston, Texas, ABA #021000021, for credit to Southwest Securities, Account #08805076955, for final credit to City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007, (94-9030-119231), Attention: Angela Irvine, (214) 859-6353.

4. Reconciliation of Funds is as follows:

<u>Receipts</u>		
Par Amount of the Certificates		<u>\$10,000,000</u>
Total Receipts		<u>\$10,000,000</u>
<u>Disbursement of Funds</u>		
City's Depository Bank		\$9,904,244
Costs of Issuance, Certificates of Obligation	\$85,756	
Legal Fees, Economic Development Corporation	<u>\$10,000</u>	
Total Costs of Issuance		<u>\$95,756</u>
Total Disbursement		<u>\$10,000,000</u>

Note: At the current split of \$6,000,000 for Police and Fire and \$4,000,000 for the Old Town Helotes Project, the amount to each account of the expenses shall be:

Police and Fire	\$6,000,000
Less: 60% of Costs of Issuance	<u>(\$51,454)</u>
Total Police and Fire	<u>\$5,948,546</u>
Old Town Helotes (EDC)	\$4,000,000
Less: 40% Costs of Issuance	(\$34,302)
Less: EDC Legal Expenses	<u>(\$10,000)</u>
Total EDC	<u>\$3,955,698</u>

If there are any questions, please feel free to call me at (210) 226-8677.

\$10,000,000
CITY OF HELOTES, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF
OBLIGATION, SERIES 2007

DISTRIBUTION LIST

Issuer

Susan Wootton, Treasurer
Rick Schroeder, Economic Development Specialist
City of Helotes
12951 Bandera Road
P.O. Box 507
Helotes, Texas 78023-0507

Phone: (210) 695-8877
Facsimile: (210) 695-2123
susanwootton@msn.com
rschroeder@helotes-tx.gov

Financial Advisor

Mr. Mark M. McLiney
Southwest Securities
4040 Broadway, Suite 220
San Antonio, Texas 78209

Phone: (210) 226-8677
Facsimile: (210) 226-8299
mmcliney@swst.com

Purchaser

Mr. Charles T. (Chuck) Bridgman, SVP
Government Banking
JPMorgan Chase Bank, N.A.
1020 N.E. Loop 410, First Floor
San Antonio, Texas 78209

Phone: (210) 841-5890
Facsimile: (210) 829-6109
Charles.bridgman@chase.com

Mr. Ryan B. Cunningham
Southwest Securities
4040 Broadway, Suite 220
San Antonio, Texas 78209

Phone: (210) 226-8677
Facsimile: (210) 226-8299
rcunningham@swst.com

Paying Agent

Ms. Shirlene Wagner, Credit Support Coordinator
Ms. Yolanda G. Solis, Credit Service Professional
Credit Support Coordinator
JPMorgan Chase Bank, N.A.
1020 N.E. Loop 410, First Floor
San Antonio, Texas 78209

Phone: (210) 841-7066
Facsimile: (210) 829-6197
Shirlene.wagner@chase.com
Yolanda.solis@chase.com

Bond Counsel

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Fulbright & Jaworski L.L.P.
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San Antonio, Texas 78205

Phone: (210) 270-7131
Facsimile: (210) 270-7205
wkuhn@fulbright.com

Purchaser's Counsel

Mr. Clay Binford
Winstead Consulting Group
700 North St. Mary's Street, Suite 1900
San Antonio, Texas 78205

Phone: (210) 277-6804
Facsimile: (210) 277-6810
cbinford@winstead.com

Depository Bank

Mr. Carlin Friar
Sterling Bank
12850 Bandera Road
Helotes, Texas 78023

Phone: (210) 277-3240
Facsimile: (210) 695-4934
carlin.friar@banksterling.com



March 29, 2007

Susan Wootton, Treasurer
Rick Schroeder, Economic Development Specialist
City of Helotes
12951 Bandera Road
P.O. Box 507
Helotes, Texas 78023-0507

STATEMENT

For services rendered in connection with the legal authorization and issuance of **\$10,000,000 City of Helotes, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007**

Financial Advisory Fees and Expenses	\$50,256
Bond Counsel Fees and Expenses	\$23,500
Attorney General of State of Texas Fee	\$9,500
Purchaser's Counsel	<u>\$2,500</u>
Total Fees for Certificates of Obligation	<u>\$85,756</u>
Legal Fees for EDC Only	<u>\$10,000</u>
Total Fees	<u>\$95,756</u>

MMMc/rbc

BOND DEBT SERVICE

City of Helotes, Texas
 Certificates of Obligation, Series 2007
 Exhibit 'A'

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/04/2007					
02/01/2008	180,000	3.930%	324,225.00	504,225.00	
08/01/2008			192,963.00	192,963.00	
09/30/2008					697,188.00
02/01/2009	350,000	3.930%	192,963.00	542,963.00	
08/01/2009			186,085.50	186,085.50	
09/30/2009					729,048.50
02/01/2010	360,000	3.930%	186,085.50	546,085.50	
08/01/2010			179,011.50	179,011.50	
09/30/2010					725,097.00
02/01/2011	375,000	3.930%	179,011.50	554,011.50	
08/01/2011			171,642.75	171,642.75	
09/30/2011					725,654.25
02/01/2012	390,000	3.930%	171,642.75	561,642.75	
08/01/2012			163,979.25	163,979.25	
09/30/2012					725,622.00
02/01/2013	410,000	3.930%	163,979.25	573,979.25	
08/01/2013			155,922.75	155,922.75	
09/30/2013					729,902.00
02/01/2014	425,000	3.930%	155,922.75	580,922.75	
08/01/2014			147,571.50	147,571.50	
09/30/2014					728,494.25
02/01/2015	445,000	3.930%	147,571.50	592,571.50	
08/01/2015			138,827.25	138,827.25	
09/30/2015					731,398.75
02/01/2016	465,000	3.930%	138,827.25	603,827.25	
08/01/2016			129,690.00	129,690.00	
09/30/2016					733,517.25
02/01/2017	485,000	3.930%	129,690.00	614,690.00	
08/01/2017			120,159.75	120,159.75	
09/30/2017					734,849.75
02/01/2018	500,000	3.930%	120,159.75	620,159.75	
08/01/2018			110,334.75	110,334.75	
09/30/2018					730,494.50
02/01/2019	525,000	3.930%	110,334.75	635,334.75	
08/01/2019			100,018.50	100,018.50	
09/30/2019					735,353.25
02/01/2020	550,000	3.930%	100,018.50	650,018.50	
08/01/2020			89,211.00	89,211.00	
09/30/2020					739,229.50
02/01/2021	570,000	3.930%	89,211.00	659,211.00	
08/01/2021			78,010.50	78,010.50	
09/30/2021					737,221.50
02/01/2022	595,000	3.930%	78,010.50	673,010.50	
08/01/2022			66,318.75	66,318.75	
09/30/2022					739,329.25
02/01/2023	620,000	3.930%	66,318.75	686,318.75	
08/01/2023			54,135.75	54,135.75	
09/30/2023					740,454.50
02/01/2024	645,000	3.930%	54,135.75	699,135.75	
08/01/2024			41,461.50	41,461.50	
09/30/2024					740,597.25
02/01/2025	675,000	3.930%	41,461.50	716,461.50	
08/01/2025			28,197.75	28,197.75	
09/30/2025					744,659.25
02/01/2026	700,000	3.930%	28,197.75	728,197.75	
08/01/2026			14,442.75	14,442.75	
09/30/2026					742,640.50
02/01/2027	735,000	3.930%	14,442.75	749,442.75	
09/30/2027					749,442.75
	10,000,000		4,660,194.00	14,660,194.00	14,660,194.00

DETAILED BOND DEBT SERVICE

City of Helotes, Texas
 Certificates of Obligation, Series 2007
 Exhibit 'A'

General Fund Portion (CIB1)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/04/2007					
02/01/2008	120,000	3.930%	194,535.00	314,535.00	
08/01/2008			115,542.00	115,542.00	
09/30/2008					430,077.00
02/01/2009	210,000	3.930%	115,542.00	325,542.00	
08/01/2009			111,415.50	111,415.50	
09/30/2009					436,957.50
02/01/2010	215,000	3.930%	111,415.50	326,415.50	
08/01/2010			107,190.75	107,190.75	
09/30/2010					433,606.25
02/01/2011	225,000	3.930%	107,190.75	332,190.75	
08/01/2011			102,769.50	102,769.50	
09/30/2011					434,960.25
02/01/2012	235,000	3.930%	102,769.50	337,769.50	
08/01/2012			98,151.75	98,151.75	
09/30/2012					435,921.25
02/01/2013	245,000	3.930%	98,151.75	343,151.75	
08/01/2013			93,337.50	93,337.50	
09/30/2013					436,489.25
02/01/2014	255,000	3.930%	93,337.50	348,337.50	
08/01/2014			88,326.75	88,326.75	
09/30/2014					436,664.25
02/01/2015	265,000	3.930%	88,326.75	353,326.75	
08/01/2015			83,119.50	83,119.50	
09/30/2015					436,446.25
02/01/2016	280,000	3.930%	83,119.50	363,119.50	
08/01/2016			77,617.50	77,617.50	
09/30/2016					440,737.00
02/01/2017	290,000	3.930%	77,617.50	367,617.50	
08/01/2017			71,919.00	71,919.00	
09/30/2017					439,536.50
02/01/2018	300,000	3.930%	71,919.00	371,919.00	
08/01/2018			66,024.00	66,024.00	
09/30/2018					437,943.00
02/01/2019	315,000	3.930%	66,024.00	381,024.00	
08/01/2019			59,834.25	59,834.25	
09/30/2019					440,858.25
02/01/2020	330,000	3.930%	59,834.25	389,834.25	
08/01/2020			53,349.75	53,349.75	
09/30/2020					443,184.00
02/01/2021	340,000	3.930%	53,349.75	393,349.75	
08/01/2021			46,668.75	46,668.75	
09/30/2021					440,018.50
02/01/2022	355,000	3.930%	46,668.75	401,668.75	
08/01/2022			39,693.00	39,693.00	
09/30/2022					441,361.75
02/01/2023	370,000	3.930%	39,693.00	409,693.00	
08/01/2023			32,422.50	32,422.50	
09/30/2023					442,115.50
02/01/2024	385,000	3.930%	32,422.50	417,422.50	
08/01/2024			24,857.25	24,857.25	
09/30/2024					442,279.75
02/01/2025	405,000	3.930%	24,857.25	429,857.25	
08/01/2025			16,899.00	16,899.00	
09/30/2025					446,756.25
02/01/2026	420,000	3.930%	16,899.00	436,899.00	

DETAILED BOND DEBT SERVICE

City of Helotes, Texas
Certificates of Obligation, Series 2007
Exhibit 'A'

General Fund Portion (CIB1)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2026			8,646.00	8,646.00	
09/30/2026					445,545.00
02/01/2027	440,000	3.930%	8,646.00	448,646.00	
09/30/2027					448,646.00
	6,000,000		2,790,103.50	8,790,103.50	8,790,103.50

DETAILED BOND DEBT SERVICE

City of Helotes, Texas
 Certificates of Obligation, Series 2007
 Exhibit 'A'

Sales Tax Portion (CIB2)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
04/04/2007					
02/01/2008	60,000	3.930%	129,690.00	189,690.00	
08/01/2008			77,421.00	77,421.00	
09/30/2008					267,111.00
02/01/2009	140,000	3.930%	77,421.00	217,421.00	
08/01/2009			74,670.00	74,670.00	
09/30/2009					292,091.00
02/01/2010	145,000	3.930%	74,670.00	219,670.00	
08/01/2010			71,820.75	71,820.75	
09/30/2010					291,490.75
02/01/2011	150,000	3.930%	71,820.75	221,820.75	
08/01/2011			68,873.25	68,873.25	
09/30/2011					290,694.00
02/01/2012	155,000	3.930%	68,873.25	223,873.25	
08/01/2012			65,827.50	65,827.50	
09/30/2012					289,700.75
02/01/2013	165,000	3.930%	65,827.50	230,827.50	
08/01/2013			62,585.25	62,585.25	
09/30/2013					293,412.75
02/01/2014	170,000	3.930%	62,585.25	232,585.25	
08/01/2014			59,244.75	59,244.75	
09/30/2014					291,830.00
02/01/2015	180,000	3.930%	59,244.75	239,244.75	
08/01/2015			55,707.75	55,707.75	
09/30/2015					294,952.50
02/01/2016	185,000	3.930%	55,707.75	240,707.75	
08/01/2016			52,072.50	52,072.50	
09/30/2016					292,780.25
02/01/2017	195,000	3.930%	52,072.50	247,072.50	
08/01/2017			48,240.75	48,240.75	
09/30/2017					295,313.25
02/01/2018	200,000	3.930%	48,240.75	248,240.75	
08/01/2018			44,310.75	44,310.75	
09/30/2018					292,551.50
02/01/2019	210,000	3.930%	44,310.75	254,310.75	
08/01/2019			40,184.25	40,184.25	
09/30/2019					294,495.00
02/01/2020	220,000	3.930%	40,184.25	260,184.25	
08/01/2020			35,861.25	35,861.25	
09/30/2020					296,045.50
02/01/2021	230,000	3.930%	35,861.25	265,861.25	
08/01/2021			31,341.75	31,341.75	
09/30/2021					297,203.00
02/01/2022	240,000	3.930%	31,341.75	271,341.75	
08/01/2022			26,625.75	26,625.75	
09/30/2022					297,967.50
02/01/2023	250,000	3.930%	26,625.75	276,625.75	
08/01/2023			21,713.25	21,713.25	
09/30/2023					298,339.00
02/01/2024	260,000	3.930%	21,713.25	281,713.25	
08/01/2024			16,604.25	16,604.25	
09/30/2024					298,317.50
02/01/2025	270,000	3.930%	16,604.25	286,604.25	
08/01/2025			11,298.75	11,298.75	
09/30/2025					297,903.00
02/01/2026	280,000	3.930%	11,298.75	291,298.75	

DETAILED BOND DEBT SERVICE

City of Helotes, Texas
Certificates of Obligation, Series 2007
Exhibit 'A'

Sales Tax Portion (CIB2)

<u>Period Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Annual Debt Service</u>
08/01/2026			5,796.75	5,796.75	
09/30/2026					297,095.50
02/01/2027	295,000	3.930%	5,796.75	300,796.75	
09/30/2027					300,796.75
	4,000,000		1,870,090.50	5,870,090.50	5,870,090.50

RECEIPT

THE STATE OF TEXAS

§

COUNTY OF BEXAR

§

CITY OF HELOTES

§

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THE UNDERSIGNED HEREBY CERTIFIES that:

1. This receipt is executed and delivered with respect to the "CITY OF HELOTES, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2007", dated March 1, 2007, in the aggregate principal amount of \$10,000,000 (the *Certificates*). The issuer of the Certificates is the City Council of the City of Helotes, Texas (the *City*).

2. On the date shown hereof, the Certificates were delivered to the initial purchaser:


JPMorgan Chase Bank, National Association

3. All of the Certificates have been paid for in full by the initial purchasers concurrently with the delivery of this receipt, and the City has received the agreed purchase price for the Certificates, as follows:

Principal Amount.....	\$10,000,000
Accrued Interest.....	<u>0</u>
Total Amount Received.....	\$10,000,000

4. The undersigned has executed this receipt in the capacity hereinafter shown for and on behalf of the City.

EXECUTED AND DELIVERED, this APR 04 2007 .



Mayor
City of Helotes, Texas