

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

717 NORTH HARWOOD  
NINTH FLOOR  
DALLAS, TEXAS 75201-6587  
TELEPHONE: 214 754-9200  
FACSIMILE: 214 754-9250

600 CONGRESS AVENUE  
1250 ONE AMERICAN CENTER  
AUSTIN, TEXAS 78701-3248  
TELEPHONE: 512 478-3805  
FACSIMILE: 512 472-0871

700 N. ST. MARY'S STREET  
1525 ONE RIVERWALK PLACE  
SAN ANTONIO, TEXAS 78205-3503  
TELEPHONE: 210 225-2800  
FACSIMILE: 210 225-2984

**\*\*DRAFT\*\***

[An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel , upon delivery of the Bonds, assuming no material changes in facts or law and subject to change upon finalizing the plan of finance]

\_\_\_\_\_, 200\_

**Texas Transportation Commission Transportation Facilities Revenue Bonds, Series 200\_**  
**(North Tarrant Expressway Project) in the Aggregate Principal Amount of**  
**\$ \_\_\_\_\_\***

**AS BOND COUNSEL** for the Texas Transportation Commission (the "Commission"), we have examined into the legality and validity of the issue of bonds described above (the "Bonds"), which bear interest in the manner and from the dates and mature on the dates specified in the text of the Bonds, and which are subject to redemption, all in accordance with the Minute Order, Indenture of Trust and resolution approved by the Commission on \_\_\_\_\_, 200\_ (the "Resolution"). The Resolution authorizes the issuance, sale and delivery of the Bonds. Terms not defined in this opinion shall have the meanings given said terms in the Resolution.

**WE HAVE EXAMINED** the applicable and pertinent provisions of the Constitution and laws of the State of Texas; certified copies of the proceedings of the Commission relating to the issuance of the Bonds, including the Resolution and other documents authorizing and relating to the authorization, issuance, sale and delivery of the Bonds; the approval of the Texas Bond Review Board, certificates and opinions of officials of the Commission; the allocation provided by the United State Department of Transportation under section 142(m)(2)(C) of the Internal Revenue Code of 1986 (the "Code") and other pertinent instruments relating to the issuance of the Bonds, upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds which we found to be in due form and properly executed.

**BASED ON SAID EXAMINATION**, it is our opinion that the Bonds have been duly authorized, issued and delivered in accordance with law; that the Bonds are valid and legally binding special obligations of the Commission in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally; and that the interest on

\* Preliminary, subject to change

and principal of the Bonds are payable from and equally secured by a first lien on and pledge of the Security pledged pursuant to the Indenture of Trust.

**THE USER** has agreed to pay, or cause to be paid, the payments and the right, title and interest of the Commission in and to the payments including the right to enforce payment thereof, have been duly and validly pledged and assigned in said Indenture of Trust to the Trustee to secure the Bonds. It is our opinion that the Agreement has been duly and lawfully authorized, executed and delivered by the Commission, and is a valid and legally binding obligation of the Commission enforceable against the Commission in accordance with its terms and conditions. We are relying on the opinion of even date herewith of the above mentioned counsels to the User that the Agreement has been duly authorized, executed and delivered by the User, and is a legal, valid and binding obligation of the User enforceable in accordance with its terms.

**THE BONDS ARE SECURED BY** the Indenture of Trust whereunder the Trustee is custodian of the Bond Fund and the Project Fund (as defined in the Indenture of Trust), all as provided in the Indenture of Trust with the Trustee obligated to enforce the rights of the holders of the Bonds, and to perform other duties, in the manner and under the conditions stated in the Indenture of Trust; and it is our opinion that the Indenture of Trust has been duly and lawfully authorized, executed and delivered, that it is in full force and effect, that it is a valid and binding obligation of the Commission enforceable against the Commission in accordance with its terms and condition and that the Bonds are entitled to its benefit and security.

**THE REGISTERED OWNERS** of the Bonds shall never have the right to demand payment of the principal thereof or interest thereon out of any funds raised or to be raised by taxation, or from any source whatsoever other than specified in the Resolution and the Indenture of Trust.

**WE EXPRESS NO OPINION** as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

**IN OUR OPINION**, except as discussed below, the interest on the Bonds will be excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, procedures and notices of Internal Revenue Service (the "Service") and court decisions existing on the date of this opinion ("Existing Law"). The exceptions are as follows:

(1) interest on the Bonds will be includable in the gross income of the holder during any period that such Bonds are held by either a "substantial user" of the facilities financed with the proceeds of the Bonds or a "related person" of such user, as provided in section 147(a) of the Code; and,

(2) interest on the Bonds will be included as an item of tax preference in determining the alternative minimum taxable income of the holder under section 57(a)(5) of the Code.

In expressing the aforementioned opinion, we (a) rely on information furnished by the User, and particularly written representations of officers of the User with respect to certain material facts which are solely within their knowledge, relating to the Project, as defined in the Agreement, and use and investment of the proceeds of the Bonds and (b) assume continuing compliance by the Commission and the User with certain covenants regarding the use and investment of the proceeds of the Bonds, and the operation and management of the Project. We call your attention to the fact that if the representations are determined to be incorrect or there is a failure to comply with the covenants or to receive such allocation, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. The foregoing opinions represent our legal judgment based upon a review of Existing Law that we deem relevant to render such opinions and are not a guarantee of a result.

**SUBJECT TO SATISFYING** the terms and conditions stated in the Resolution, the Commission has reserved the right to issue additional Parity Obligations payable solely from and equally and ratably secured by a parity lien on and pledge of the Security pledged pursuant to the Indenture of Trust. The Resolution also authorizes the Commission to issue Subordinate Lien Obligations secured by a pledge of and lien on the Security subordinate to the pledge and lien securing the payment of the Bonds. In addition, the Commission has reserved the right, subject to the restrictions stated in the Resolution, to amend the Resolution and the Indenture of Trust.

**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 Service; rather, such opinions represent our legal judgment based upon our review of Existing Law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Commission as the taxpayer. We observe that the Commission and the User have covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

**WE HAVE NOT BEEN REQUESTED** to investigate or verify, and have not investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Commission or the User and have not assumed any responsibility with respect thereto.

Respectfully,