

CERTIFICATE FOR ORDER

THE STATE OF TEXAS
COUNTY OF SMITH

We, the undersigned Commissioners of the Commissioners Court of Smith County, Texas (the "County"), hereby certify as follows:

1. The Commissioners Court of the County convened in a regular meeting on August 9, 2022, at the designated meeting place, and the roll was called of the duly constituted officers and members of said Commissioners Court, to-wit:

- Nathaniel Moran, County Judge
- Neal Franklin, Commissioner, Precinct 1
- Cary Nix, Commissioner, Precinct 2
- Terry Lee Phillips, Commissioner, Precinct 3
- JoAnn Hampton, Commissioner, Precinct 4

and all of said persons were present, except none, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written Order entitled

ORDER CALLING A BOND ELECTION TO BE HELD NOVEMBER 8, 2022

was duly introduced for consideration and passage. It was then duly moved and seconded that said Order be passed; and, after due discussion, said motion, carrying with it the passage of said Order, prevailed and carried by the following vote:

AYES: 4 NOES: 1 ABSTENTIONS: 0

2. A true, full and correct copy of the aforesaid Order passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Order has been duly recorded in the official minutes of the Commissioners Court; the above and foregoing paragraph is a true and correct excerpt from said minutes of said meeting pertaining to the passage of said Order; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Order, were the duly chosen, qualified and acting members of the Commissioners Court as indicated therein; each of said officers and member was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Order would be introduced and considered for passage at said meeting; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Texas Government Code, Chapter 551.

3. The County Judge of the County has approved and hereby approves the aforesaid Order; that the County Judge and the County Clerk of the County have duly signed said Order; and that the County Judge and the County Clerk of the County hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Order for all purposes.

SIGNED AND SEALED AUGUST 9, 2022.

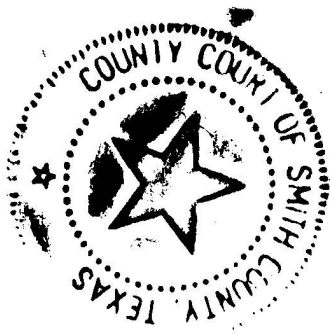


Karen Phillips
County Clerk



Nathaniel Moran
County Judge

(COUNTY SEAL)



ORDER AUTHORIZING THE ISSUANCE OF SMITH COUNTY, TEXAS GENERAL OBLIGATION BONDS, SERIES 2022; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; APPROVING A PAYING AGENT/REGISTRAR AGREEMENT AND OFFICIAL STATEMENT; AND AUTHORIZING OTHER MATTERS RELATING TO THE BONDS

THE STATE OF TEXAS
COUNTY OF SMITH

WHEREAS, at an election held in Smith County, Texas (the "County") held on November 2, 2021 (the "*Election*"), the voters of the County approved the issuance of unlimited tax road bonds by the County in the aggregate principal amount of \$45,000,000, pursuant to the following proposition:

"Shall the Commissioners Court of Smith County, Texas be authorized to issue bonds of the County in one or more series in the principal amount not to exceed \$45,000,000 for the purpose of constructing, acquiring by purchase, maintenance, and operation of macadamized, graveled, or paved roads, or in aid thereof, including but not limited to, constructing, designing, improving, extending, expanding, upgrading and/or developing roads, including right-of-way acquisition, utility relocation, drainage improvements relating to these road improvements, traffic safety, other safety, and operational improvements, and other transportation related improvements; such bonds to mature serially or otherwise not more than twenty (20) years from their date; and any issue or series of bonds to bear interest at such rate or rates as may be determined within the discretion of the Commissioners Court, provided that such rate of interest shall not exceed the maximum rate per annum authorized by law at the time of the issuance of any issue or series of the bonds; and shall the Commissioners Court of the County be authorized to levy and pledge, and cause to be assessed and collected, annual ad valorem taxes, on all taxable property in said County sufficient to pay the annual interest and provide a sinking fund to pay bonds at maturity?"

WHEREAS, the County has not previously issued bonds pursuant to the Election, and the Commissioners Court (the "*Court*") deems it necessary and advisable to authorize hereby and to issue and deliver a series of bonds for the purposes authorized by the Election and using \$18,000,000 of the voted authorization from the Election, leaving no authorized but unissued bonds from the Election; and

WHEREAS, the Court hereby finds and determines that it is a public purpose and in the best interests of the County to issue the Bonds on the terms described herein;

NOW, THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF SMITH COUNTY, TEXAS:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this section. The bonds of the County are hereby authorized pursuant to Chapter 1471, Texas Government Code and Article III, Section 52 of the Texas Constitution, as amended, to be issued and delivered in the aggregate principal amount of \$18,000,000, for the purpose of: constructing, acquiring by purchase, maintenance, and operation of macadamized, graveled, or paved roads, or in aid thereof, including but not limited to, constructing, designing, improving, extending, expanding, upgrading

and/or developing roads, including right-of-way acquisition, utility relocation, drainage improvements relating to these road improvements, traffic safety, other safety, and operational improvements, and other transportation related improvements (collectively, the "*Project*"), and for the payment of the costs of issuance of the Bonds.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS; REDEMPTION.

(a) Each Bond issued pursuant to this Order shall be designated: SMITH COUNTY, TEXAS GENERAL OBLIGATION BOND, SERIES 2022," and initially there shall be issued, sold and delivered hereunder fully registered Bonds, without interest coupons, with the Bonds being dated August 1, 2022, in the respective denominations and principal amounts hereinafter stated, with the initial Bond numbered T-1 and with bonds issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the initial registered owner thereof (as designated in Section 12 hereof), or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the "*Registered Owner*"). As used in this Order, the term "Bonds" shall mean and include the Bonds initially issued and delivered pursuant to this Order and all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

(b) Optional Redemption. On February 15, 20[] or on any date thereafter, the Bonds maturing on or after February 15, 20[-], may be redeemed prior to their scheduled maturities, at the option of the County, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the County (provided that a portion of a Bond may be redeemed only in multiples of \$5,000), at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

(c) Notice of Redemption. At least thirty days prior to the date fixed for any redemption of Bonds, or portions thereof, prior to maturity, the County shall cause written notice of such redemption to be sent by United States mail, first class, postage prepaid, to each Registered Owner of a Bond to be redeemed, in whole or in part, at the address of the Registered Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing of such notice. All notices of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner.

(d) Firm Banking and Financial Arrangements. By the date fixed for any prior redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be redeemed. If written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be redeemed shall automatically be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond having the same maturity date, bearing interest at the same rate, in an integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the County.

(e) Selection of Bonds, for Redemption. If less than all Bonds of the same maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall randomly select by lot the Bonds within such maturity to be redeemed.

(f) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Order have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the County, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the County shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

Section 3. PAYMENT OF PRINCIPAL AND INTEREST. The Bonds shall mature and be payable on February 15 in each of the years and in the principal amounts, and shall bear interest in the manner provided, on the dates stated, and from the dates set forth, in the FORM OF BOND set forth in EXHIBIT A of this Order to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the FORM OF BOND in EXHIBIT A hereof.

Section 4. CHARACTERISTICS OF THE BONDS.

(a) The County shall keep or cause to be kept at the corporate trust office of Zions Bancorporation, National Association dba Amegy Bank in Houston, Texas (the "*Paying Agent/Registrar*") books or records for the registration of the transfer and exchange of the Bonds (the "*Registration Bonds*"), and the County hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the County and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided.

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

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

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

(c) The Bonds (i) shall be issued in fully-registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may be transferred and assigned, (iii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the County shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in Exhibit A of this Order. The Bond initially issued and delivered pursuant to this Order is not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for any Bond or Bonds issued under this Order the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) The County covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the County will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Order, and that the Paying Agent/Registrar will be one entity. The County reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 45 days written notice to the Paying Agent/Registrar, to be effective not later than 30 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the County covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the County. Upon any change in the Paying Agent/Registrar, the County promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each

Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Order, and a certified copy of this Order shall be delivered to each Paying Agent/Registrar.

(e) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Order, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Order, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the County, and has been registered by the Comptroller.

(f) The Bonds issued in exchange for the Bond initially issued as provided in Section 4(h) shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the County and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the County to make payments of principal, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and

subject to the provisions in this Order with respect to interest checks being mailed to the Registered Owner at the close of business on the Record Date the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(g) In the event that the County determines to discontinue the book-entry system through DTC or a successor of DTC determines to discontinue providing its services with respect to the Bond, the County shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging the Bond shall designate, in accordance with the provisions of this Order.

(h) Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations of the County to DTC.

(i) The County confirms execution of a Blanket Issuer Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to the Bonds.

(j) On the closing date, one initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the order of the initial purchaser of the Bonds or its designee, executed by manual or facsimile signature of the County Judge, County Clerk and County Treasurer of the County, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Bonds, the Paying Agent/Registrar shall cancel each of the initial Bonds and deliver to the Depository Trust Company on behalf of such purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

Section 5. FORM OF BOND. The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached only to the Bonds initially issued and delivered pursuant to this Order, shall be, respectively, substantially in the form shown in EXHIBIT A, with such appropriate variations, omissions, or insertions as are permitted or required by this Order.

Section 6. TAX LEVY; APPROPRIATION OF FUNDS.

(a) A special Interest and Sinking Fund (the "*Interest and Sinking Fund*") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the County at an official depository bank of the County. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the County, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for

and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds or interest thereon are outstanding and unpaid, the Court shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures; and the tax shall be based on the latest approved tax rolls of the County, with full allowance being made for tax delinquencies and the cost of tax collection. The rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the County for each year while any of the Bonds or interest thereon are outstanding and unpaid; and the tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment. Accrued interest shall be deposited in the Interest and Sinking Fund.

(b) In order to pay any debt service coming due on the Bonds prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 7. ESTABLISHMENT OF PROJECT FUND.

(a) The Series 2022 Project Fund (the "*Project Fund*") is hereby created and shall be established and maintained by the County at an official depository bank of the County. Proceeds from the sale of the Bonds shall be deposited in the Project Fund.

(b) Investment of Funds. The County hereby covenants that the proceeds of the sale of the Bonds will be used as soon as practicable for the purposes for which the Bonds are issued. Obligations purchased as an investment of money in any fund shall be deemed to be a part of such fund. Any money in the Project Fund may be invested as permitted by the Public Funds Investment Act, as amended.

(c) Security for Funds. All funds created by this Order shall be secured in the manner and to the fullest extent required by law for the security of funds of the County.

(d) Maintenance of Funds. Any funds created pursuant to this Order, other than the Project Fund, may be created as separate funds or accounts or as subaccounts of the County's General Fund held by the County's depository, and, as such, not held in separate bank accounts, such treatment shall not constitute a commingling of the monies in such funds or of such funds and the County shall keep full and complete records indicating the monies and investments credited to each such fund.

(e) Interest Earnings. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with the Bond proceeds for the purpose for which the Bonds are issued as set forth in Section 1 hereof or to pay principal or interest payments on the Bonds; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(f) **Perfection.** Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the County under this Section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the County under this Section is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the Owners of the Bonds the perfection of the security interest in said pledge, the County agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 8. DEFEASANCE OF BONDS.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "*Defeased Bond*") within the meaning of this Order, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the County with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the County also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the County, or deposited as directed in writing by the County. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 8(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the County or deposited as directed in writing by the County.

(c) The term "*Defeasance Securities*" means any securities and obligations now or hereafter authorized by Texas law that are eligible to discharge obligations such as the Bonds.

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

(e) In the event that the County elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate. Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 8(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the County expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the Registered Owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

Section 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter B of Texas Government Code, Chapter 1206, this Section of this Order shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the County or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and

deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Order for Bonds issued in conversion and exchange for other Bonds.

Section 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The County Judge is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the County's Bond Counsel and the assigned CUSIP numbers may, at the option of the County, be printed on the Bonds issued and delivered under this Order, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. In addition, if bond insurance or other credit enhancement is obtained, the Bonds may bear an appropriate legend.

Section 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.

(a) Covenants. The County covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the County covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the County, with respect to such private business use, do not, under the terms of this Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a current refunding bond, for a period of 90 days or less, until such proceeds are needed for the purpose for which the Bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the County for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including, without limitation, the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The County understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of refunded obligations expended prior to the date of issuance of the Bonds. It is the understanding of the County that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the County will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds,

the County agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Court hereby authorizes and directs the County Judge, the County Auditor or the County Clerk to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the County, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The County covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Project on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed. The foregoing notwithstanding, the County shall not expend sale proceeds or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired, unless the County obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Bonds or the interest thereon. For purposes hereof, the County shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The County covenants that the property financed with the proceeds of the Bonds in accordance with the Election, as described in the recitals to this Order, will not be sold or otherwise disposed in a transaction resulting in the receipt by the County of cash or other compensation, unless the County obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the County shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Procedures to Monitor Compliance with Tax Covenants. The County hereby adopts the procedures attached hereto as EXHIBIT B as a means of monitoring compliance with the federal tax covenants made herein.

Section 12. SALE OF BONDS AND APPROVAL OF OFFICIAL STATEMENT AND NOTICE OF SALE AND BIDDING INSTRUCTIONS.

(a) The Bonds are hereby sold and shall be delivered to [-] (the "*Purchaser*") for the purchase price of \$[-], representing the aggregate principal amount of the Bonds, plus a reoffering premium of \$[-], less the Purchaser's discount of \$[-]. The Bonds shall initially be registered in the name of the Purchaser or its designee.

(b) It is hereby officially found, determined and declared that the Bonds have been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of such and Bidding Instructions. It is further officially found, determined and declared that the Bonds have been offered pursuant to a Preliminary Official Statement dated August 1, 2022, in the form attached hereto as EXHIBIT C, which has been prepared and distributed in connection with the sale of the Bonds. The Preliminary Official Statement, the Official Statement, and any addenda,

supplement or amendment thereto, have been and are hereby approved by the governing body of the Issuer, and its use in the offer and sale of the Bonds is hereby approved. It is further officially found, determined and declared that the statements and representations contained in said Official Statement are true and correct in all material respects, to the best knowledge and belief of the Issuer. The Court hereby finds and determines that the Preliminary Official Statement is deemed final as of its date.

Section 13. PAYMENT OF ATTORNEY GENERAL FEE. The County hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the County's staff is hereby instructed to take the necessary measures to make this payment. The County is also authorized to reimburse the appropriate County funds for such payment from proceeds of the Bonds.

Section 14. USE OF PREMIUM FROM SALE OF THE BONDS; USE OF VOTED AUTHORIZATION FROM ELECTION.

(a) The premium received from the sale of the Bonds, in the amount of \$[-] shall be applied as follows: (i) the sum of \$[-] shall be deposited into the Project Fund and applied against voted authorization; (ii) the sum of \$[-] shall be applied to pay costs of issuance incurred in connection with the issuance of the Bonds; (iii) the sum of \$[-] shall be applied to pay the Purchaser's discount and (iv) the excess premium in the amount of \$[-] shall be deposited to the interest and sinking fund for the Bonds. There is no accrued interest received from the sale of the Bonds.

(b) The voted authorization of Bonds which are being issued pursuant to the Election is \$18,000,000 (\$[-] in principal amount and \$[-] of premium from the sale of the Bonds. The balance of voted but unissued bonds authorized at the Election after this issuance of the Bonds is \$[-].

Section 15. INTERESTED PARTIES. Nothing in this Order expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the County and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Order or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Order contained by and on behalf of the County shall be for the sole and exclusive benefit of the County and the Registered Owners of the Bonds.

Section 16. CONTINUING DISCLOSURE UNDERTAKING.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

(i) The term "*Financial Obligation*" means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of the foregoing (a) and (b). The term Financial Obligation does not include any municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(i) "*MSRB*" means the Municipal Securities Rulemaking Board or any successor to its functions under the Rule.

- (ii) "Rule" means SEC Rule 15c2 12, as amended from time to time.
- (iii) "SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports. The County shall provide annually to the MSRB, in the electronic format prescribed by the MSRB certain updated financial information and operating data pertaining to the County, consisting of the following: (1) the quantitative financial information and operating data of the type included in Tables numbered 1 through 6 and 8 through 13 of the Official Statement and (2) the County's comprehensive annual financial report. The County will update and provide the information in Tables numbered 1 through 6 and 8 through 13 within six months after the end of each fiscal year ending in and after 2022 and, if not submitted as part of such annual financial information, the County will provide its audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in and after 2022. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(c) Any financial information so to be provided shall be (i) prepared in accordance with the accounting principles described in the financial statements of the County appended to the Official Statement, or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided.

(d) If the County changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any documents available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(e) Event Notices.

(i) Material Event Notices. The County shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (A) non-payment related defaults; (B) modifications to rights of Registered Owners; (C) Bond calls; (D) release, substitution, or sale of property securing repayment of the Bonds; (E) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; (F) appointment of a successor or additional trustee or the change of name of a trustee; and (G) incurrence of a Financial Obligation of the County, if material, or agreement to

covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect Bondholders, if material.

(ii) Event Notices Without Regard to Materiality. The County shall notify the MSRB in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws: (A) principal and interest payment delinquencies; (B) unscheduled draws on debt service reserves reflecting financial difficulties; (C) unscheduled draws on credit enhancements reflecting financial difficulties; (D) substitution of credit or liquidity providers, or their failure to perform; (E) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (F) tender offers; (G) defeasances; (H) rating changes; (I) bankruptcy, insolvency, receivership or similar event of an obligated person; and (J) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties

(iii) The County shall notify the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(f) Limitations, Disclaimers, and Amendments.

(i) The County shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the County remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the County in any event will give the notice required by subsection (e) hereof of any Bond calls and defeasance that cause the County to no longer be such an "obligated person".

(ii) The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The County undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the County's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE COUNTY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR

TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the County in observing or performing its obligations under this Section shall comprise a breach of or default under the Order for purposes of any other provision of this Order. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the County under federal and state securities laws.

(v) The provisions of this Section may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Registered Owners and beneficial owners of the Bonds. If the County so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 17. AMENDMENT OF ORDER. The County hereby reserves the right to amend this Order subject to the following terms and conditions:

(a) The County may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Order in order to (i) cure any ambiguity, defect or omission in this Order that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Order and that shall not materially adversely affect the interests of the holders, (iv) qualify this Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Order as shall not be inconsistent with the provisions of this Order and that shall not in the opinion of the County's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the County; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds, nothing herein

contained shall permit or be construed to permit amendment of the terms and conditions of this Order or in any of the Bonds so as to:

- (i) Make any change in the maturity of any of the outstanding Bonds;
- (ii) Reduce the rate of interest borne by any of the outstanding Bonds;
- (iii) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;
- (iv) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or
- (v) Change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the County shall desire to amend this Order under this Section, the County shall send by U.S. mail to each Registered Owner of the affected Bonds a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of such notice the County shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the County may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Order pursuant to the provisions of this Section, this Order shall be deemed to be modified and amended in accordance with such amendatory Order, and the respective rights, duties, and obligations of the County and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of such notice, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of such notice by the holder who gave such consent, or by a successor in title, by filing notice with the County, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

Section 18. NO RECOURSE AGAINST COUNTY OFFICIALS. No recourse shall be had for the payment of principal of or interest on the Bonds or for any claim based thereon or on this Order against any official of the County or any person executing any Bonds.

Section 19. FURTHER ACTIONS.

(a) The County Judge, County Clerk, County Treasurer and County Auditor of the County are each hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the County all such instruments, whether or not herein mentioned, as

may be necessary or desirable in order to carry out the terms and provisions of this Order, the Bonds, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Purchase Contract and the Official Statement. In addition, prior to the initial delivery of the Bonds, the County Judge, County Clerk, County Treasurer and County Auditor of the County are each hereby authorized and directed to approve any non-substantive changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement or (ii) obtain bond insurance or the approval of the Bonds by the Texas Attorney General's office.

(b) In case any officer of the County whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

(c) The obligation of the initial purchasers to accept delivery of the Bonds is subject to the initial purchasers being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the County, which opinion shall be dated as of and delivered on the date of initial delivery of the Bonds to the initial purchasers.

Section 20. INTERPRETATIONS. All terms defined herein and all pronouns used in this Order shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge to secure the payment of the Bonds.

Section 21. INCONSISTENT PROVISIONS. All orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provisions of this Order are hereby repealed to the extent of such conflict and the provisions of this Order shall be and remain controlling as to the matters contained herein.

Section 22. SEVERABILITY. The provisions of this Order are severable; and in case any one or more of the provisions of this Order or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Order nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Section 23. REPEALER. All orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 24. EVENTS OF DEFAULT. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an event of default (an "*Event of Default*"):

- (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement or obligation of the County, the failure to perform which materially, adversely affects the rights

of the Registered Owners, including, but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the County.

Section 25. REMEDIES FOR DEFAULT.

(a) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the County for the purpose of protecting and enforcing the rights of the Registered Owners under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then outstanding.

Section 26. REMEDIES NOT EXCLUSIVE.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(c) By accepting the delivery of a Bond authorized under this Order, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Order do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or Commissioners of the County or the Court.

EXHIBIT A

FORM OF BOND

(a) The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached only to the Bonds initially issued and delivered pursuant to this Order, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Order,

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS SMITH COUNTY, TEXAS GENERAL OBLIGATION BOND SERIES 2022	PRINCIPAL AMOUNT \$ _____
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<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
	September [-], 2022	February 15, _____	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE SPECIFIED ABOVE, SMITH COUNTY, TEXAS (the "County"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above or the date of redemption prior to maturity, the Principal Amount specified above. The County promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date shown above at the Interest Rate per annum specified above. Interest is payable on February 15, 2023, and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above; except, if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON THIS BOND are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, or the date fixed for its redemption prior to maturity, at the corporate trust office of Zions Bancorporation, National Association dba Amegy Bank in Houston, Texas, which is the "Paying

Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the County required by the Order authorizing the issuance of this Bond (the "*Bond Order*") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "*Record Date*") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "*Special Record Date*") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "*Special Payment Date*," which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Registered Owner appearing on the Registration Books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice. Any accrued interest due upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for redemption and payment at the designated corporate trust office of the Paying Agent/Registrar (unless the redemption date is a regularly scheduled interest payment date, in which case accrued interest on such redeemed Bonds shall be payable in the regular manner described above). The Issuer covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "*Interest and Sinking Fund*" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due. The County covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date, and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "*Interest and Sinking Fund*" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar that is designated for payment of the Bonds is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND IS ONE OF A SERIES OF BONDS dated as of August 1, 2022, authorized and issued in accordance with Article III, Section 52 of the Constitution and laws enacted under the Constitution in the principal amount of \$18,000,000 for the constructing, acquiring by purchase, maintenance, and operation of macadamized, graveled, or paved roads, or in aid thereof, including but not limited to, constructing, designing, improving, extending, expanding, upgrading

and/or developing roads, including right-of-way acquisition, utility relocation, drainage improvements relating to these road improvements, traffic safety, other safety, and operational improvements, and other transportation related improvements and for the payment of the costs of issuance of the Bonds.

ON FEBRUARY 15, 20[-] OR ON ANY DATE THEREAFTER, the Bonds maturing on and after February 15, 20[-] may be redeemed prior to their scheduled maturities, at the option of the County, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the County (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

AT LEAST THIRTY days prior to the date fixed for any redemption of Bonds or portions thereof prior to maturity, the County shall cause written notice of such redemption to be sent by United States mail, first class, postage prepaid, to each Registered Owner of a Bond to be redeemed, in whole or in part, at the address of the Registered Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing of such notice. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof that are to be so redeemed. If such written notice of redemption is mailed and if due provision for such payment is made, all as provided above, the Bonds or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in an integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the County, all as provided in the Bond Order.

ALL BONDS OF THIS SERIES are issuable solely as fully-registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Order, this Bond, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of fully-registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of

\$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Bond or portion thereof shall be paid by the County, but any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer or exchange as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date. The Paying Agent/Registrar shall not be required to make any such transfer or exchange with respect to Bonds (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or, (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of an unredeemed balance of a Bond called for redemption in part.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the County, resigns, or otherwise ceases to act as such, the County has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the County, and have been pledged for such payment, without legal limit as to rate or amount.

THE COUNTY ALSO HAS RESERVED THE RIGHT to amend the Bond Order as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Order, agrees to be bound by such terms and provisions, acknowledges that the Bond Order is duly recorded and available for inspection in the official minutes and records of the governing body of the County, and agrees that the terms and provisions of this Bond and the Bond Order constitute a contract between each Registered Owner hereof and the County.

IN WITNESS WHEREOF, the County has caused this Bond to be signed with the manual or facsimile signature of the County Judge of the County and countersigned with the manual or facsimile signature of the County Clerk and County Treasurer, and has caused the official seal of the County to be duly impressed, or placed in facsimile, on this Bond.

Kenn Shipps
County Clerk

Nathaniel Moran
County Judge

County Treasurer

[COUNTY SEAL]

(b) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE:

REGISTER NO. _____

I hereby certify that there is on file and of record in my office a true and correct copy of the opinion of the Attorney General of the State of Texas approving this Bond and that this Bond has been registered this day by me.

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(c) Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an executed
Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated: _____

Zions Bancorporation, National Association dba
Amegy Bank
Houston, Texas
Paying Agent/Registrar

By _____
Authorized Representative

(d) Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

For value received, the undersigned hereby sells, assigns and transfers unto:

Please insert Social Security or Taxpayer Identification Number of Transferee

Please insert name and address, including zip code of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints: _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

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

(e) Initial Bond Insertions. The Initial Bond shall be in the form set forth in paragraph (a) of this Section, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"SMITH COUNTY, TEXAS (the "County"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Dates, in the Principal Amounts and bearing interest at the per annum Interest Rates set forth in the following schedule:

<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>
<u>Date</u>	<u>Amount</u>	<u>Rate</u>
□	□	□

THE COUNTY PROMISES TO PAY INTEREST ON THE UNPAID PRINCIPAL AMOUNT hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date specified above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2023, and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1."

EXHIBIT B**WRITTEN PROCEDURES FOR FEDERAL TAX COMPLIANCE**

These procedures, together with any federal tax certifications, provisions included in the bond order (the "*Authorizing Document*") authorizing the issuance and sale of tax-exempt debt such as the Bonds (the "*Bonds*"), letters of instructions and/or memoranda from bond counsel and any attachments thereto (the "*Closing Documents*"), are intended to assist the Issuer in complying with federal guidelines related to the issuance of such Bonds.

I. Arbitrage Compliance. Federal income tax laws generally restrict the ability to earn arbitrage in connection with the Bonds. The County Auditor (such officer, together with other employees of the Issuer who report to or such officer, is collectively, the "*Responsible Person*") will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

1. Procedures applicable to Bonds issued for construction and acquisition purposes. With respect to the investment and expenditure of the proceeds of the Bonds that are issued to finance public improvements or to acquire land or personal property, the Responsible Person will:
 - a. Instruct the appropriate person who is primarily responsible for the construction, renovation or acquisition of the facilities financed with the Bonds (the "*Project*") that (i) binding contracts for the expenditure of at least 5% of the proceeds of the Bonds must be entered into within 6 months of the date of closing of the Bonds (the "*Issue Date*") and that (ii) the Project must proceed with due diligence to completion;
 - b. Monitor that at least 85% of the proceeds of the Bonds to be used for the construction, renovation or acquisition of the Project are expended within 3 years of the Issue Date;
 - c. Monitor the yield on the investments purchased with proceeds of the Bonds and restrict the yield of such investments to the yield on the Bonds after 3 years from the Issue Date; and
 - d. To the extent that there are any unspent proceeds of the Bonds at the time the Bonds are refunded, or if there are unspent proceeds of the Bonds that are being refunded by a new issuance of Bonds, the Responsible Person shall continue monitoring the expenditure of such unspent proceeds to ensure compliance with federal tax law with respect to both the refunded Bonds and any Bonds being issued for refunding purposes.
2. Procedures applicable to Bonds with a debt service reserve fund. In addition to the foregoing, if the Issuer issues Bonds that are secured by a debt service reserve fund, the Responsible Person will assure that the maximum amount of any reserve fund for the Bonds invested at a yield higher than the yield on the Bonds will not exceed the lesser of (1) 10% of the principal amount of the Bonds, (2) 125% of the average annual debt service

on the Bonds measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Bonds as of the Issue Date.

3. Procedures applicable to Escrow Accounts for Refunding Bonds. In addition to the foregoing, if the Issuer issues Bonds and proceeds are deposited to an escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person will:
 - a. Monitor the actions of the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;
 - b. Contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed; and
 - c. Monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).

4. Procedures applicable to all Tax-Exempt Obligation Issues. For all issuances of Bonds, the Responsible Person will:
 - a. Maintain any official action of the Issuer (such as a reimbursement resolution) stating the Issuer's intent to reimburse with the proceeds of the Bonds any amount expended prior to the Issue Date for the acquisition, renovation or construction of the Project;
 - b. Ensure that the applicable information return (e.g., U.S. Internal Revenue Service ("IRS") Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
 - c. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Internal Revenue Code of 1986, as amended, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Bonds are retired;
 - d. Monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Bonds, such as the Interest and Sinking Fund, to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period; and
 - e. Ensure that no more than 50% of the proceeds of the Bonds are invested in an investment with a guaranteed yield for 4 years or more.

II. Private Business Use. Generally, to be tax-exempt, only an insignificant amount of the proceeds of each issue of Bonds can benefit (directly or indirectly) private businesses. The Responsible Person will review the Closing Documents periodically (at least once a year) for the purpose of determining that the use of the Project financed or refinanced with the proceeds of the Bonds does not violate provisions of federal tax law that pertain to private business use. In addition, the Responsible Person will:

1. Develop procedures or a "tracking system" to identify all property financed with Bonds;
2. Monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended;
3. Monitor and record whether, at any time the Bonds are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public:
 - a. has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the Project;
 - b. has a right to use the output of the Project (e.g., water, gas, electricity); or
 - c. has a right to use the Project to conduct or to direct the conduct of research;
4. Monitor and record whether, at any time the Bonds are outstanding, any person, other than the Issuer, has a naming right for the Project or any other contractual right granting an intangible benefit;
5. Monitor and record whether, at any time the Bonds are outstanding, the Project, or any portion thereof, is sold or otherwise disposed of; and
6. Take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Authorizing Document related to the public use of the Project.

III. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the Project financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of Bonds, such records shall be maintained until the three (3) years after the refunding Bonds mature or are otherwise paid off. Such records can be maintained in paper or electronic format.

IV. Responsible Person. A Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the Project financed or refinanced with the proceeds of the Bonds. The foregoing notwithstanding, each Responsible Person shall report to the governing body of the Issuer whenever experienced advisors and agents may be necessary to carry out the purposes of these instructions for the purpose of seeking approval of the governing body to engage or utilize existing advisors and agents for such purposes.

EXHIBIT C
PRELIMINARY OFFICIAL STATEMENT

See Attached