



POLK COUNTY COMMISSIONERS COURT

AUGUST 10, 2004

10:00 A.M.

2004-070

Polk County Courthouse, 3rd floor

Livingston, Texas

NOTICE

Is hereby given that a regular meeting of the Polk County Commissioners Court will be held on the date stated above, at which time the following subjects will be discussed;

Agenda topics

1. CALL TO ORDER.
 - Invocation
 - Pledges of Allegiance
2. PUBLIC COMMENTS.
3. INFORMATIONAL REPORTS.
4. CONSIDERATION AND ACTION ON AN ORDER AUTHORIZING THE ISSUANCE OF APPROXIMATELY \$1,300,000 POLK COUNTY, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2004 AND MATTERS RELATED THERETO.
5. CONSIDERATION AND ACTION ON AN ORDER AUTHORIZING THE ISSUANCE OF \$820,000 "POLK COUNTY, TEXAS TAX NOTES, SERIES 2004" AND MATTERS RELATED THERETO.

FILED FOR RECORD

2004 AUG -5 PM 3: 53

Barbara Middleton

BARBARA MIDDLETON

ADJOURN

By: John P. Thompson, County Judge

John P. Thompson

Posted: August 5, 2004

I, the undersigned County Clerk, do hereby certify that the above Notice of Meeting of the Polk County Commissioners Court is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice at the door of the Polk County Courthouse at a place readily accessible to the general public at all times on Thursday, August 5, 2004 and that said Notice remained so posted continuously for at least 72 hours preceding the scheduled time of said Meeting.

BARBARA MIDDLETON, COUNTY CLERK

BY: *Sheelana Walker*

Deputy



August 10, 2004
10:00 a.m.

COMMISSIONERS COURT

of Polk County, Texas

County Courthouse, 3rd floor
Livingston, Texas

ADDENDUM to Posting # 2004-070

The following will serve to amend the Agenda of the Commissioners Court Meeting scheduled for August 10, 2004 at 10:00 A.M.

AMEND TO ADD;

- 6. CONSIDER COUNTY CLERK'S RECOMMENDATION FOR CHANGES IN LOCATION OF POLLING PLACE IN CERTAIN COUNTY ELECTION PRECINCTS AND, IF APPLICABLE, AN ORDER APPROVING A CHANGE IN POLLING LOCATION, IN COMPLIANCE WITH U.S. JUSTICE DEPARTMENT PRE-CLEARANCE REQUIREMENTS.

Commissioners Court of Polk County, Texas

Dated: Friday, August 6, 2004

By: John P. Thompson, County Judge

I, the undersigned County Clerk, do hereby certify that the above Addendum to the Notice of Meeting of the Polk County Commissioners Court is a true and correct copy of said Addendum and that I posted a true and correct copy of said Addendum at the door of the Polk County Courthouse at a place readily accessible to the general public at all times on Friday, August 6, 2004 and that said Addendum remained so posted continuously for at least 72 hours preceding the scheduled time of said Meeting.

BARBARA MIDDLETON, COUNTY CLERK

BY: Shelana Walker, Deputy

FILED FOR RECORD

2004 AUG -6 PM 4: 19

BARBARA MIDDLETON
COUNTY CLERK

STATE OF TEXAS }
COUNTY OF POLK }

DATE: AUGUST 10, 2004
REGULAR MEETING
Commissioner Smith-Absent

**COMMISSIONERS COURT
AGENDA POSTING #2004- 070**

BE IT REMEMBERED ON THIS THE 10th DAY OF AUGUST, 2004
THE HONORABLE COMMISSIONERS COURT MET IN “REGULAR” CALLED
MEETING WITH THE FOLLOWING OFFICERS AND MEMBERS PRESENT, TO WIT;

HONORABLE JUDGE JOHN P. THOMPSON, COUNTY JUDGE, PRESIDING.
BOB WILLIS-COMMISSIONER PCT#1, JAMES J. “Buddy” PURVIS-COMMISSIONER PCT #3,
C.T.“ TOMMY” OVERSTREET, COMMISSIONER PCT #4, BARBARA MIDDLETON - COUNTY
CLERK & B.L. “BOB” DOCKENS - COUNTY AUDITOR, THE FOLLOWING AGENDA ITEMS,
ORDERS & DECREES WERE DULY MADE, CONSIDERED & PASSED.

1. WELCOME & CALLED TO ORDER BY JUDGE JOHN P. THOMPSON AT 10:00 A.M.
 - BOB DOCKENS GAVE THE INVOCATION.
 - THE GROUP RECITED THE PLEDGE TO THE U.S. & TEXAS FLAGS.

2. PUBLIC COMMENTS: NONE.

3. INFORMATIONAL REPORTS: NONE.

4. MOTIONED BY BOB WILLIS, SECONDED BY JAMES J. “Buddy” PURVIS, TO APPROVE AN “ORDER” AUTHORIZING THE ISSUANCE OF \$1,275,000.00 POLK COUNTY GENERAL OBLIGATION REFUNDING BONDS, SERIES 2004; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX ON ALL TAXABLE PROPERTY WITHIN THE COUNTY FOR THE PAYMENT THEREOF AND THE ASSESSMENT AND COLLECTION OF SUCH TAXES; CREATING A SINKING FUND FOR THE REDEMPTION THEREOF; AUTHORIZING THE SALE THEREOF; AND ENACTING OTHER PROVISIONS.
ALL VOTING YES. (SEE ATTACHED)

5. MOTIONED BY BOB WILLIS, SECONDED BY TOMMY OVERSTREET, TO APPROVE AN “ORDER” AUTHORIZING THE ISSUANCE OF \$805,000.00 “POLK COUNTY, TEXAS TAX NOTES, SERIES 2004”; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX ON ALL TAXABLE PROPERTY WITHIN THE COUNTY TO PAY THE PRINCIPAL OF AND INTEREST ON SAID NOTES AND TO CREATE A SINKING FUND FOR THE REDEMPTION THEREOF AND THE ASSESSMENT AND COLLECTION OF SUCH TAXES; AUTHORIZING THE SALE THEREOF; ENACTING PROVISIONS INCIDENT AND RELATED TO THE ISSUANCE OF SAID NOTES.
ALL VOTING YES. (SEE ATTACHED)

6. MOTIONED BY JAMES J. "Buddy" PURVIS, SECONDED BY BOB WILLIS, TO APPROVE THE COUNTY CLERKS RECOMMENDATION FOR CHANGE IN LOCATION OF TEMPORARY BRANCH (EARLY VOTING) IN ELECTION PRECINCT #18, AND AN "ORDER" APPROVING THE CHANGE, IN COMPLIANCE WITH THE U.S. JUSTICE DEPARTMENT REQUIREMENTS FOR PRECLEARANCE.
ALL VOTING YES. (SEE ATTACHED)

MOTIONED BY TOMMY OVERSTREET, SECONDED BY BOB WILLIS, TO ADJOURN COURT THIS 10th DAY OF AUGUST, 2004 AT 10:12 A.M.
ALL VOTING YES.



JOHN P. THOMPSON, COUNTY JUDGE

ATTEST:



BARBARA MIDDLETON, COUNTY CLERK

C:\Barbara M\COMMCRT. 2004\AUG10.2004.wpd

Item #4

ORDER AUTHORIZING THE ISSUANCE OF \$1,275,000 POLK COUNTY, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2004; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX ON ALL TAXABLE PROPERTY WITHIN THE COUNTY FOR THE PAYMENT THEREOF AND THE ASSESSMENT AND COLLECTION OF SUCH TAXES; CREATING A SINKING FUND FOR THE REDEMPTION THEREOF; AUTHORIZING THE SALE THEREOF; AND ENACTING OTHER PROVISIONS RELATING TO THE PURPOSES OF THIS ORDER

WHEREAS, Polk County, Texas (the "County") has heretofore issued its Polk County, Texas Tax and Solid Waste Disposal System Surplus Revenue Certificates of Obligation, Series 1994 and its Polk County, Texas Tax Notes, Series 2001; and

WHEREAS, the County desires to refund in advance of their maturities a portion of its outstanding Tax and Solid Waste Disposal System Surplus Revenue Certificates of Obligation, Series 1994 maturing August 15, 2005 through 2009 and all of its outstanding Tax Notes, Series 2001 maturing February 15, 2005 through 2008 (collectively, the "Refunded Bonds"); and

WHEREAS, Chapter 1207, Texas Government Code (the "Act"), as amended, authorizes the County to issue refunding bonds payable from taxes, without an election, for the purpose of refunding the Refunded Bonds in advance of their maturities and to accomplish such refunding by depositing directly with any paying agent for the Refunded Bonds the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the County desires to achieve a present value savings and to restructure the County's debt service obligations; and

WHEREAS, the County desires to deposit the proceeds of the refunding bonds, together with other funds, to pay the Refunded Bonds with the Paying Agent for the Refunded Bonds; and

WHEREAS, The Bank of New York Trust Company, N.A., Dallas, Texas, the successor paying agent to U.S. Trust Company of Texas, N.A., is the paying agent for the Refunded Bonds; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as

being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the order authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased;

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

SECTION 1. Recitals; Consideration. It is hereby found and determined that the matters and facts set out in the preamble to this Order are true and correct.

It is hereby found and determined that the transactions contemplated in this Order result in a restructuring of its debt service and in a gross savings of \$45,436.46 and present value savings in the debt service payable by the County in the amount of \$46,739.38, and that such benefit is sufficient consideration for the refunding of the Refunded Bonds.

SECTION 2. Definitions. Throughout this Order the following terms and expressions as used herein shall have the meanings set forth below:

The term "Act" shall mean Chapter 1207, Texas Government Code, as amended.

The term "Bonds" shall mean the \$1,275,000 Polk County, Texas General Obligation Refunding Bonds, Series 2004, authorized in this Order, unless the context clearly indicates otherwise.

The term "Bond Purchase Agreement" shall mean the agreement between the County and the Underwriter described in Section 23.

The term "Business Day" shall mean any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to close, or a legal holiday.

The term "County" shall mean Polk County, Texas.

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

The term "Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas.

The term "Designated Payment/Transfer Office" shall mean the office of the Paying Agent which is designated for the presentment of the Bonds.

The term "DTC" shall mean The Depository Trust Company, New York, New York, or any successor securities depository.

The term "DTC Participant" shall mean any broker, dealer, bank, trust company, clearing corporation or certain other organizations with bonds credited to an account maintained on its behalf by DTC.

The term "Initial Bond" shall mean the Initial Bond numbered T-1, as provided by Section 3(a) and submitted to the Attorney General pursuant to Section 6.

The term "Interest and Sinking Fund" shall mean the interest and sinking fund for payment of the Bonds established by the County in Section 18 of this Order.

The term "Interest Payment Date", when used in connection with any Bond, shall mean February 15, 2005, and each February 15 and August 15 thereafter until maturity or earlier redemption.

The term "Issue Date" shall mean the dated date of the Bonds, August 15, 2004.

The term "Order" as used herein and in the Bonds shall mean this order authorizing the Bonds.

The term "Owner" shall mean any person who shall be the registered owner of any outstanding Bond.

The term "Paying Agent" shall mean the Registrar.

The term "Record Date" for the interest payable on any Interest Payment Date shall mean the close of business on the last business day of the preceding month.

The term "Refunded Bonds" means a portion of the outstanding Polk County, Texas Tax and Solid Waste Disposal System Surplus Revenue Certificates of Obligation, Series 1994, maturing on August 15 of the years 2005 through 2009, inclusive, in the aggregate principal amount of \$925,000 and all of the outstanding Polk County, Texas Tax Notes, Series 2001, maturing on February 15 of the years 2005 through 2008, inclusive, in the aggregate principal amount of \$320,000.

The term "Register" shall mean the books of registration kept by the Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to each Owner.

The term "Registrar" shall mean Wells Fargo Bank, N.A., and its successors in that capacity.

The term "Series 1994 Refunded Bonds" means the portion of the outstanding Polk County, Texas Tax and Solid Waste Disposal System Surplus Revenue Certificates of Obligation, Series 1994, maturing on August 15 of the years 2005 through 2009, inclusive, in the aggregate principal amount of \$925,000.

The term "Series 2001 Refunded Bonds" means all of the outstanding Polk County, Texas Tax Notes, Series 2001, maturing on February 15 of the years 2005 through 2008, inclusive, in the aggregate principal amount of \$320,000.

The term "Underwriter" shall mean RBC Dain Rauscher.

SECTION 3. Authorization, Maturities, Interest Rates and Interest Payment Dates.

The Bonds shall be issued pursuant to the Act as fully registered obligations, without coupons. The Bonds shall be issued in the aggregate principal amount of \$1,275,000 for the purpose of refunding the Refunded Bonds, and in order to restructure and level the combined debt service of the County and to provide present value savings to the County.

(a) The Bonds (other than the Initial Bond which shall be numbered T-1) shall be in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, shall be lettered "R" and numbered consecutively from One (1) upward, and principal shall become due and payable on August 15 in each of the years and in amounts (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the following schedule:

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate(s)</u>
2005	\$265,000	2.500%
2006	265,000	3.000%
2007	260,000	3.000%
2008	290,000	3.250%
2009	195,000	3.500%

(b) The Bonds shall bear interest on the unpaid principal amounts from the Issue Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on February 15 and August 15 in each year, commencing February 15, 2005.

SECTION 4. Designation and Date. The Bonds shall be designated as "POLK COUNTY, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2004," and shall be dated August 15, 2004.

SECTION 5. Execution of Bonds; Seal. The Bonds shall be signed by the County Judge, County Clerk and County Treasurer, by their manual, lithographed, or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the County had been manually impressed upon each of the Bonds. If any officer of the County whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

SECTION 6. Approval by Attorney General; Registration by Comptroller. The Initial Bond shall be delivered to the Attorney General of Texas for approval and shall be registered by the Comptroller. The manually executed registration certificate of the Comptroller substantially in the form provided in Section 21 of this Order shall be attached or affixed to the Initial Bond.

SECTION 7. Authentication. Except for the Initial Bond, which need not be authenticated by the Registrar, only such Bonds which bear thereon a certificate of authentication, substantially in the form provided in Section 21 of this Order, manually executed by an authorized representative of the Registrar, shall be entitled to the benefits of this Order or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Bonds so authenticated were delivered by the Registrar hereunder.

SECTION 8. Payment of Principal and Interest. The Registrar is hereby appointed as the Paying Agent and Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, whether at maturity or by prior redemption, at the Designated Payment/Transfer Office of the Registrar. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register, or by such other method acceptable to the Registrar, requested by, and at the risk and expense of, the Owner.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

SECTION 9. Successor Registrars. The County covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of the Registrar and Paying Agent for the Bonds. The County reserves the right to change the Registrar on not less than 60 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or Interest Payment Date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

SECTION 10. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the County. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the date prior to the mailing of such notice.

SECTION 11. Ownership; Unclaimed Principal and Interest. The County, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the County nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section 11 shall be valid and effectual and shall discharge the liability of the County and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

SECTION 12. Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at its Designated Payment/Transfer Office and, subject to such reasonable regulations as it may prescribe, the Registrar shall

provide for the registration and transfer of Bonds in accordance with the terms of this Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall, to the extent possible and under reasonable circumstances, authenticate and deliver in exchange therefor, within 72 hours after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the Designated Payment/Transfer Office of the Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 12. Each Bond delivered in accordance with this Section 12 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The County or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the County.

SECTION 13. Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the County, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The County or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The County or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (1) furnish to the County and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (2) furnish such security or indemnity as may be required by the Registrar and the County to save them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the County and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the County and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the County or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the County in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section 13 shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

SECTION 14. Cancellation of Bonds. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the County with appropriate certificates of destruction of such Bonds.

SECTION 15. Book-Entry-Only System.

(a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 16 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to the 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 DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Order. 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 an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, 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 Register as the absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register 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, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the County to make payments of amounts due 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 or drafts 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.

SECTION 16. Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the County or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter by and between the County, the Paying Agent/Registrar and DTC (the "Representation Letter"), and that it is in the best interest of the Owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the County or the Paying Agent/Registrar shall (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, as identified by DTC, 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, as identified by DTC, of the availability through DTC of Bonds and transfer

one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register 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 Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

SECTION 17. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 18. Interest and Sinking Fund; Tax Levy. There is hereby established a separate fund of the County to be known as the Polk County, Texas General Obligation Refunding Bonds, Series 2004 Interest and Sinking Fund (the "Interest and Sinking Fund"), which shall be kept separate and apart from all other funds of the County. The proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by this Order shall be deposited, as collected, in the Interest and Sinking Fund. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, and at the same time as other County taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the County, sufficient to pay the current interest on the Bonds as the same becomes due and to provide and maintain a sinking fund of not less than two percent of the principal amount of the Bonds or the amount required to pay each installment of principal of the Bonds as the same matures, whichever is greater, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

SECTION 19. Effect of Pledge.

Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the taxes thereof granted by the County under Section 18 of this Order, and such pledge 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 taxes granted by the County under Section 18 of this Order is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Registered 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 & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 20. Optional Redemption. The Bonds are not subject to redemption prior to their stated maturities.

SECTION 21. Forms.

(a) *Form Generally*. The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Authentication Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the County or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) *Placement of Text*. Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) *Definitive Bonds*. The definitive Bonds shall be typed, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) *Initial Bond*. The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

(e) *Form of the Bonds*. The form of the Bonds, including the form of the Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller, which shall be attached or affixed to the Bonds initially issued, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Order:

REGISTERED
NO. R-__

REGISTERED PRINCIPAL
AMOUNT \$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
POLK COUNTY, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 2004

Issue Date:	Interest Rate:	Stated Maturity:	CUSIP No.:
August 15, 2004	_____ %	_____	_____

Registered Owner:

Principal Amount: DOLLARS

Polk County, Texas (hereinafter referred to as the "County"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption), and to pay interest on the unpaid principal amount hereof from the Issue Date at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2005. Principal of this Bond is payable at its Stated Maturity or redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the Registered Owner of this Bond whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of and interest on this Bond shall be without exchange or collection charges to the Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THIS BOND is one of a duly authorized issue of General Obligation Refunding Bonds, Series 2004, in the aggregate amount of \$1,275,000 (the "Bonds"), issued for the purpose of refunding a portion of the County's outstanding Polk County, Texas Tax and Solid Waste Disposal System Surplus Revenue Certificates of Obligation, Series 1994, maturing on August 15 of the years 2005 through 2009, inclusive, in the aggregate amount of \$925,000 and all of the outstanding Polk County, Texas Tax Notes, Series 2001, maturing on February 15 of the years 2005 through 2008, inclusive, in the aggregate amount of \$320,000, pursuant to an order adopted by the Commissioners Court on August 10, 2004 (the "Order").

The Bonds are not subject to redemption prior to their Stated Maturities.

In the event of a partial redemption of the principal amount of this Bond, payment of the redemption price of such principal amount shall be made to the Registered Owner only upon presentation and surrender of this Bond to the Paying Agent/Registrar at its Designated Payment/Transfer Office, and there shall be issued to the Registered Owner hereof, without charge, a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Order for the then unredeemed balance of the principal sum hereof. If this Bond is selected for redemption, in whole or in part, the County and the Paying Agent/Registrar shall not be required to transfer this Bond to an assignee of the Registered Owner within 45 days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the County. Reference is hereby made to the Order, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Owner or Holder of this Bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bond; the terms and conditions relating to the transfer or exchange of this Bond; the rights, duties, and obligations of the County and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity, and deemed to be no longer outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Order.

This Bond, subject to certain limitations contained in the Order, may be transferred on the Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Registered Owner hereof, or his duly authorized agent. When a transfer on the Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations of \$5,000 or any integral multiple thereof; bearing the same rate of interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The County and the Paying Agent/Registrar, and any agent of either, shall treat the Registered Owner whose name appears on the Register (i) on the Record Date as the Owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal at the Stated Maturity, or its redemption, in whole or in part, and (iii) on any other date as the Owner for all other purposes, and neither the County nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a Bond on a scheduled payment

date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each owner of a Bond appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things to be done precedent to and in the issuance of this Bond and the series of which it is a part, have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; that proper provisions have been made for the levy and collection annually of taxes upon all taxable property in said County sufficient, within the limits prescribed by law to pay the interest on this Bond and the series of which it is a part as due and to provide for the payment of the principal as the same matures; and that the total indebtedness of the County, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the County has caused this Bond to be executed by the manual or facsimile signature of the County Judge of the County and countersigned by the manual or facsimile signature of the County Clerk, registered by the manual or facsimile signature of the County Treasurer, and the official seal of the Commissioners Court has been duly impressed or placed in facsimile on this Bond.

County Judge
Polk County, Texas

County Clerk
Polk County, Texas

[SEAL]

REGISTERED:

County Treasurer
Polk County, Texas

Form of Registration Certificate
of Comptroller of Public Accounts

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

WITNESS MY SIGNATURE AND SEAL this _____.

(SEAL)

XXXXXXXXXX
Comptroller of Public Accounts
of the State of Texas

Form of Registrar's Authentication Certificate

The following Authentication Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Order described in the text of this Bond.

WELLS FARGO BANK, N.A.
Houston, Texas

By: _____
Authorized Signature
Date of Authentication _____

Form of Assignment

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto _____

_____/_____/_____
(Please print or typewrite name and address, including zip code, of Transferee) (Please insert Social Security or Taxpayer Identification Number)

_____ 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 as defined by SEC Rule 17Ad-15 (17 CFR 240-17Ad-15).

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.

The following abbreviations, when used in the Assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and
not as tenants in common
UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act _____
(State)

Additional abbreviations may also be used though not in the list above.

(f) *The Initial Bond shall be in the form set forth therefor in paragraph (a) of this Section, except as follows:*

Heading and paragraph one shall be amended to read as follows:

REGISTERED
No. T-1 \$1,275,000

UNITED STATES OF AMERICA
STATE OF TEXAS
POLK COUNTY, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 2004

Issue Date: CUSIP No.:

August 15, 2004

Registered Owner: RBC DAIN RAUSCHER

Principal Amount: ONE MILLION TWO HUNDRED SEVENTY-FIVE THOUSAND
DOLLARS

Polk County, Texas (hereinafter referred to as the "County"), for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on August 15 in the years and in principal installments in accordance with the following schedule:

STATED PRINCIPAL INTEREST
MATURITY AMOUNT RATE(S)

[information to be inserted from Section 3(a) hereof]

(or so much principal thereof as shall not have been prepaid prior to maturity) and to pay interest on the unpaid principal installments hereof from the Issue Date at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2005. Principal installments of this Bond are payable in the year of maturity or on a prepayment date to the Registered Owner hereof by Wells Fargo Bank, N.A. (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated office in Houston, Texas (the "Designated Payment/Transfer Office"). Interest is payable to the Registered Owner of this Bond whose name appears on the "Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the Owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 22. Further Proceedings. After the Bonds to be initially issued shall have been executed, it shall be the duty of the County Judge and other appropriate officials and agents of the County to deliver the Bonds to be initially issued and all pertinent records and proceedings to the Attorney General of the State of Texas, for examination and approval. After the Bonds to be initially issued shall have been approved by the Attorney General, they shall be delivered to the Comptroller for registration. Upon registration of the Bonds to be initially issued, the Comptroller (or the Comptroller's bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

SECTION 23. Sale; Bond Purchase Agreement. The Bonds are hereby sold and shall be delivered to the Underwriter at a price of \$1,292,008.65 (representing the principal amount of the Bonds of \$1,275,000, plus an original issue premium of \$26,439.90 and less an underwriter's discount of \$9,431.25) plus accrued interest on the Bonds from August 15, 2004 to the date of closing, in accordance with the terms of a Bond Purchase Agreement of even date herewith, presented to and hereby approved by the Commissioners Court, which price and terms are hereby found and determined to be the most advantageous and reasonably obtainable by the County. The County Judge is authorized to execute the Bond Purchase Agreement. In addition, other appropriate officials of the County are hereby authorized and directed to execute such Bond Purchase Agreement on behalf of the County. The County Judge and all other officers, agents and representatives of the County are hereby authorized to do any and all things necessary or

desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

SECTION 24. Covenants Regarding Tax Exemption of Interest on the Bonds. The County covenants to take any action necessary to secure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of 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:

(a) 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 of 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;

(b) to take any action to assure that in the event the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds or the projects licensed 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;

(c) 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;

(d) 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;

(e) 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;

(f) 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--

(1) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

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

(3) 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;

(g) 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, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(h) 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; and

(i) to maintain such records as will enable the County to fulfill its responsibilities under this section and section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Bonds.

In order to facilitate compliance with the above covenants (h) and (i), a "Rebate Fund" is hereby authorized to be 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 Owners. The Rebate Fund is authorized to be established for the additional purpose of compliance with section 148 of the Code.

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 County hereby authorizes and directs the County Judge and the County Auditor of the County 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.

SECTION 25. Official Statement. The Commissioners Court ratifies and confirms its prior approval of the form and content of the Preliminary Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Bond Purchase Agreement with the Underwriter and other relevant matters. The use of such Official Statement in the reoffering of the Bonds by the Underwriter is hereby approved and authorized. The proper officials of the County are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds. The County Clerk is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting.

SECTION 26. Bond Insurance. The purchase of and payment of the premium for municipal bond insurance by the County, in accordance with the terms of a commitment for such insurance presented to and hereby approved by the Commissioners Court is hereby authorized. All officials and representatives of the County are authorized and directed to execute such documents and to do any and all things necessary or desirable to obtain such insurance, and the printing on the Bonds of an appropriate legend regarding such insurance is hereby approved.

SECTION 27. Designation of Qualified Bonds. The County hereby finds and states that it (including any subordinate entities) does not reasonably anticipate issuing "qualified tax exempt obligations," as that term is defined in section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), in an amount in excess of \$10,000,000 during the calendar year of 2004. The County further states its intention to and does hereby designate the Bonds as "qualified tax exempt obligations" for the purposes of said section 265. The County hereby covenants that it (including any subordinate entities) will not designate more than \$10,000,000 in obligations (including the Bonds) as "qualified tax exempt obligations" during calendar year 2004.

SECTION 28. Use of Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the County, be applied as follows:

- (a) Accrued interest shall be deposited into the Interest and Sinking Fund and invested in direct obligations of the United States of America.

(b) The balance of the proceeds from the sale of the Bonds, together with other available funds of the County, if any, shall be applied to establish an escrow fund to refund the Refunded Bonds, as more fully provided below, and, to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds, the establishment of such escrow fund and the refunding of the Refunded Bonds.

Any proceeds of the Bonds remaining after making all such deposits and payments shall be deposited into the Interest and Sinking Fund.

SECTION 29. Redemption of Refunded Bonds.

(a) *Call.* The County hereby irrevocably calls the following obligations of the County for redemption prior to maturity on the dates set forth below, at a price of par plus accrued interest to the dates fixed for redemption, and authorizes and directs notice of such redemption to be given in accordance with the orders authorizing the issuance of such obligations:

<u>Obligations to be Redeemed</u>	<u>Redemption Date</u>
Tax & Solid Waste Disposal System Surplus Revenue Certificates of Obligation, Series 1994 Maturities 2005 through 2009	September 15, 2004
Tax Notes, Series 2001 Maturities 2005 through 2008	September 15, 2004

The County hereby authorizes and instructs the County Judge, County Treasurer and the paying agent for the Refunded Bonds to take such steps as are necessary to accomplish the redemption and the defeasance of the Refunded Bonds in accordance with the provisions hereof.

(b) *Notice of Redemption.* The County hereby ratifies its authorization to give notice of redemption of the Refunded Bonds in the manner and within the time required by the orders authorizing the issuance thereof.

SECTION 30. Refunding of Refunded Bonds. It is hereby found and determined that the refunding of the Refunded Bonds is advisable and necessary in order to restructure the principal and interest requirements of the County, and the County further

finds and determines that the County will receive a present value savings on the debt service of the Refunded Bonds.

SECTION 31. Refunding.

(a) *Source of Funds for Redemption.* The source of funds for payment of the principal and interest on the obligations called for redemption and to be redeemed in advance of maturity pursuant to this Order shall be from the funds placed with the paying agent pursuant to this Order. The interest payment due in the amount of \$4,225.00 and the principal payment of \$925,000.00 for the Series 1994 Refunded Bonds and the \$1,333.33 interest payment and the principal payment of \$320,000.00 for the Series 2001 Refunded Bonds will be paid from the proceeds of the Bonds.

(b) *Related Matters.* To satisfy in a timely manner all of the County's obligations under this Order and the Bond Purchase Agreement, the County Judge, the County Clerk, the County Treasurer, and all other appropriate officers and agents of the County are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the refunding of the Refunded Bonds, including, without limitation, executing and delivering on behalf of the County all certificates, consents, receipts, requests, and other documents as may be reasonably necessary to satisfy the County's obligations under the Bond Purchase Agreement and this Order and to direct the application of funds of the County consistent with the provisions of this Order.

SECTION 32. Continuing Disclosure Undertaking.

(a) The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the County's continuing disclosure obligations because the County has not issued more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds.

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

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Rule" means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

"SEC" means the United States Securities and Exchange Commission.

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(c) *Updated Information and Data.* The County shall annually update, within six months after the end of each fiscal year (beginning with the fiscal year ending September 30, 2004) financial information and operating data with respect to the County of the general type included in the final Official Statement in Appendix B thereto, and upon request furnish such information to the party making a request therefor; provided, however, the County reserves the right at any time to commence making filing of such information with any SID in lieu of providing such information upon request. Financial statements to be provided shall be (1) prepared in accordance with the accounting principles the County may be required to employ from time to time in accordance with State law, and (2) audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then the County shall provide unaudited financial statements for the applicable fiscal year to the requesting party with the financial information and operating data and later furnish to each requesting party the annual audit report, when and if the same becomes available.

If the County changes its fiscal year, it will notify each NRMSIR and any SID 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.

Information agreed to be provided by the County on request may be obtained by contacting the County Auditor at (936) 327-6811.

(d) *Material Event Notices.* The County shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds; and
11. Rating changes.

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

(e) *Limitations, Disclaimers, and Amendments.* The County shall be obligated to observe and perform the covenants specified in this Section with respect to the County and the Bonds while, but only while, 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 notice required by subsection (d) of this Section of any bond calls and defeasance that cause the County to no longer be such an "obligated person."

The provisions of this Section are for the sole benefit of the Holders 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 financial results, condition, or prospects of the County or the State of Texas 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.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE HOLDER 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.

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.

The provisions of this Section may be amended by the County from time to time to adapt to changed circumstances resulting 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 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders 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) determines that such amendment will not materially impair the interests of the Holders 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 (c) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 33. Related Matters. To satisfy in a timely manner all of the County's obligations under this Order and the Bond Purchase Agreement, the County Judge, the County Clerk, the County Auditor, the County Treasurer, and all other appropriate officers and agents of the County are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the refunding of the Refunded Bonds, including, without limitation, executing and delivering on behalf of the County all certificates, consents, receipts, requests, and other documents as may be reasonably necessary to satisfy the County's obligations under the Bond Purchase Agreement and this Order and to direct the application of funds of the County consistent with the provisions of this Order.

SECTION 34. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the County are hereby authorized to execute such agreement for and on behalf of the County.

SECTION 35. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Order, against any official or employee of the County or any person executing any Bonds.

SECTION 36. Open Meeting. It is hereby officially found and determined that the meeting at which this Order was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

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PASSED AND APPROVED this ____ day of August, 2004.

County Judge
Polk County, Texas

ATTEST:

County Clerk
Polk County, Texas

[COMMISSIONERS COURT SEAL]

Polk 04 bonds-order auth bonds-tmp.wpd

[SIGNATURE PAGE]

Item #5

AN ORDER AUTHORIZING THE ISSUANCE OF \$805,000 "POLK COUNTY, TEXAS TAX NOTES, SERIES 2004"; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX ON ALL TAXABLE PROPERTY WITHIN THE COUNTY TO PAY THE PRINCIPAL OF AND INTEREST ON SAID NOTES AND TO CREATE A SINKING FUND FOR THE REDEMPTION THEREOF AND THE ASSESSMENT AND COLLECTION OF SUCH TAXES; AUTHORIZING THE SALE THEREOF; ENACTING PROVISIONS INCIDENT AND RELATED TO THE ISSUANCE OF SAID NOTES

WHEREAS, Polk County, Texas needs to acquire vehicles and road maintenance equipment, construct road and bridge improvements within the County, renovate and improve county buildings, and acquire jail equipment; and

WHEREAS, the County passed a declaration of intent on November 25, 2003 for \$63,409.00 to provide for reimbursement to the General Fund of \$35,850.00 and to the Road and Bridge Fund of \$27,559.00 for expenditures the County would make prior to the date of this order, and pursuant to such declaration of intent, the County has expended \$63,409.00 related to the items set forth in the declaration related to the acquisition of a new roof for the Polk County Regional Health Center and the construction of road and bridge improvements, and the County intends to reimburse its General Fund for \$35,850.00 and the Road and Bridge Fund for \$27,559.00 from the proceeds of the notes authorized by this order; and

WHEREAS, the County passed a declaration of intent on December 23, 2003 for \$2,098.95 to provide for reimbursement to the Road and Bridge Fund of \$2,098.95 for expenditures the County would make prior to the date of this order, and pursuant to such declaration of intent, the County has expended \$2,098.95 related to the items set forth in the declaration related to the acquisition of a utility trailer, and the County intends to reimburse its Road and Bridge Fund for \$2,098.95 from the proceeds of the notes authorized by this order; and

WHEREAS, the County passed a declaration of intent on January 27, 2004 for \$35,200.00 to provide for reimbursement to the General Fund of \$19,200.00 and to the Road and Bridge fund of \$16,000.00 for expenditures the County would make prior to the date of this order, and pursuant to such declaration of intent, the County has expended \$35,200.00 related to the items set forth in the declaration related to the acquisition of a dump trailer and the construction of road and bridge improvements, and the County intends to reimburse its General Fund for \$19,200.00 and the Road and Bridge Fund for \$16,000.00 from the proceeds of the notes authorized by this order; and

WHEREAS, the County passed a declaration of intent on February 24, 2004 for \$14,950.00 to provide for reimbursement to the Road and Bridge Fund of \$14,950.00 for expenditures the County would make prior to the date of this order, and pursuant to such

declaration of intent, the County has expended \$14,950.00 related to the items set forth in the declaration related to the acquisition of a flatbed trailer and the construction of road and bridge improvements, and the County intends to reimburse its Road and Bridge Fund for \$14,950.00 from the proceeds of the notes authorized by this order; and

WHEREAS, the County passed a declaration of intent on March 23, 2004 for \$325,320.97 to provide for reimbursement to the General Fund of \$325,320.97 for expenditures the County would make prior to the date of this order, and pursuant to such declaration of intent, the County has expended \$270,647.00 related to the items set forth in the declaration related to the construction and improvement of roads in the County, the acquisition of vehicles, and the acquisition of a washer and dryer for the County jail, and the County intends to reimburse its General Fund for \$270,647.00 from the proceeds of the notes authorized by this order; and

WHEREAS, the County passed a declaration of intent on April 27, 2004 for \$146,862.00 to provide for reimbursement to the General Fund of \$146,862.00 for expenditures the County would make prior to the date of this order, and pursuant to such declaration of intent, the County has expended \$146,862.00 related to the items set forth in the declaration related to the acquisition of vehicles, and the County intends to reimburse its General Fund for \$146,862.00 from the proceeds of the notes authorized by this order; and

WHEREAS, the County passed a declaration of intent on May 25, 2004 for \$196,166.00 to provide for reimbursement to the General Fund of \$196,166.00 for expenditures the County would make prior to the date of this order, and pursuant to such declaration of intent, the County has expended \$196,166.00 related to the items set forth in the declaration related to the asbestos remediation in a county-owned building and the acquisition of a motor-grader, and the County intends to reimburse its General Fund for \$196,166.00 from the proceeds of the notes authorized by this order; and

WHEREAS, the County passed a declaration of intent on June 23, 2004 for \$27,472.56 to provide for reimbursement to the General Fund of \$19,684.56 and to the Road and Bridge Fund of \$7,788.00 for expenditures the County would make prior to the date of this order, and pursuant to such declaration of intent, the County has expended \$27,472.56 related to the items set forth in the declaration related to the acquisition of a vehicle and the construction of road and bridge improvements, and the County intends to reimburse its General Fund for \$19,684.56 and the Road and Bridge Fund for \$7,788.00 from the proceeds of the notes authorized by this order; and

WHEREAS, as a result of such reimbursement resolutions the County will reimburse \$688,409.56 to its General Fund and \$68,395.95 to its Road and Bridge Fund from the proceeds of the notes; and

WHEREAS, Chapter 1431, Texas Government Code (the "Act"), authorizes counties to issue anticipation notes the proceeds of which may be used to (1) pay a contractual obligation incurred or to be incurred for the construction of any public work; (2) pay a contractual obligation incurred or to be incurred for the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for an issuer's authorized needs; (3) pay a contractual obligation incurred or to be incurred for professional services, including services provided by tax appraisal engineers, engineers, architects, attorneys, mapmakers, auditors, financial advisors, and fiscal agents; (4) pay operating expenses or current expenses; or (5) fund the issuer's cumulative cash flow deficit; and

WHEREAS, the County Auditor has recommended that the Commissioners Court issue anticipation notes to acquire vehicles and road maintenance equipment, construct road and bridge improvements within the County, renovate and improve county buildings, and acquire jail equipment; and

WHEREAS, on the 10th day of August, 2004, the Commissioners Court of Polk County, Texas (the "Issuer" or the "County"), convened at 10:00 a.m. and considered passage of an order authorizing the issuance of said anticipation notes (the "Order"); and

WHEREAS, the Issuer has determined that the anticipation notes should be sold for cash in accordance with the provisions of Chapter 1431.010, Texas Government Code; and

WHEREAS, this Issuer hereby finds and determines that anticipation notes in the par amount of \$805,000 should be issued at this time; and

WHEREAS, the Issuer desires to issue notes under the Act the proceeds of which are to be used for the purposes described below.

THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF POLK COUNTY, TEXAS THAT:

Section 1. DEFINITIONS. Unless otherwise expressly provided or unless the context clearly requires otherwise in this Order, the following terms shall have the meanings specified below:

"Code" means the Internal Revenue Code of 1986, as amended, including the regulations and published rulings thereunder.

"Commissioners Court" means the Commissioners Court of the County.

"Construction Fund" means the construction fund established by Section 8 of this Order.

"County" means Polk County, Texas.

"Designated Payment/Transfer Office" means the office of the Paying Agent which is designated for the presentment of the Notes.

"Initial Note" means the initial note described in Sections 4 and 6 of this Order.

"Interest and Sinking Fund" means the interest and sinking fund established by Section 7 of this Order.

"Interest Payment Date" means the date or dates upon which interest on each Note is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year, commencing February 15, 2005.

"Note" or "Notes" means the Notes authorized to be issued by Section 2 of this Order and designated as "Polk County, Texas Tax Notes, Series 2004," in the aggregate principal amount of \$805,000, and includes all substitute Notes exchanged therefor, as well as all other substitute Notes and replacement Notes issued pursuant to this Order.

"Paying Agent/Registrar" means initially Wells Fargo Bank, N.A., Houston, Texas, or any successor thereto as provided in this Order.

"Record Date" means the close of business on the last business day of the month preceding the month in which an Interest Payment Date occurs.

"Register" means the register specified in Section 5 of this Order.

"Registered Owner" means the person who is the registered owner of a Note or Notes, as shown in the Register.

"Underwriter" means RBC Dain Rauscher, purchaser of the Notes.

Section 2. AUTHORIZATION, AMOUNT AND PURPOSE OF NOTES. The Issuer's Tax Notes (the "Notes") are hereby authorized to be issued in the aggregate principal amount of \$805,000 for the purpose of paying contractual obligations incurred for the acquisition of vehicles and road maintenance equipment, construction of road and bridge improvements within the County, the renovation and improvement of county buildings, the acquisition of jail equipment and the payment of costs of issuance.

Section 3. DESIGNATION. The Notes shall be designated as the "Polk County, Texas Tax Notes, Series 2004."

Section 4. GENERAL TERMS AND PROVISIONS OF NOTES. (a) Dates, Denominations, Maturities and Interest Rates. There shall be issued, sold, and delivered

registered Notes, without interest coupons, dated as of August 15, 2004 (which date shall be the Issue Date noted on the Notes), in the respective denominations and principal amounts hereinafter stated, numbered separately from R-1 upward, payable to the respective Registered Owners thereof, except the Initial Note which shall be numbered I-1 and registered in the name of the Underwriter (as designated in Section 18 hereof), or to the registered assignee or assignees of said Notes or any portion or portions thereof (in each case, the "Registered Owner"), and the Notes shall mature serially and be payable on August 15 in each of the years and in the respective amounts as set forth below and the Notes shall bear interest from the Issue Date at the following rates per annum based upon a 360-day year of twelve 30-day months:

<u>Maturity Date</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2005	\$ 215,000	2.500%
2006	215,000	3.000%
2007	215,000	3.000%
2008	80,000	3.250%
2009	80,000	3.500%

(b) Optional Redemption.

The Notes are not subject to redemption prior to their stated maturities.

(c) Unclaimed Amounts.

Any money deposited with the Paying Agent/Registrar for the payment of the principal of, premium, if any, or interest on any Note will be subject to the unclaimed property laws of the State of Texas. If any security or interest check shall not be presented for payment within three (3) years following the stated maturity, the amount shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended. Once the Paying Agent/Registrar has complied with the applicable unclaimed property law, the Holder of such Security shall thereafter look only to the procedures in the unclaimed property law for payment thereof, and all liability of the Paying Agent/Registrar with respect to such money shall thereupon cease.

Section 5. CHARACTERISTICS OF THE NOTES. (a) Registration, Transfer, Conversion, and Exchange; Authentication. The Issuer shall keep or cause to be kept at the Designated Payment/Transfer Office of Wells Fargo Bank, N.A. (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion, and exchange of the Notes (the "Register"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions, and exchanges under such reasonable

regulations as the Issuer and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions, and exchanges as herein provided. Attached hereto as Exhibit A is a copy of the Paying Agent/Registrar Agreement between the Issuer and the Paying Agent/Registrar which is hereby approved in substantially final form, and the County Judge and County Clerk of the Issuer are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

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

(c) In General. The Notes (i) shall be issued in the principal amount of \$5,000 or any integral multiple thereof, (ii) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Notes to be payable only to the Registered Owners thereof, (iii) may not be redeemed prior to their scheduled maturities, (iv) may be transferred and assigned, (v) may be converted and exchanged for other Notes, (vi) shall have the characteristics, (vii) shall be signed, sealed, executed, and authenticated, (viii) shall be payable as to the principal and interest, and (ix) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Notes, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Order. The Notes initially issued and delivered pursuant to this Order (on which is printed or to which Notes is attached the Registration Certificate of the Comptroller of Public Accounts) are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in conversion of and exchange for any Note or Notes 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 NOTE.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the Registered Owners of the Notes that at all times while the Notes are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Notes under this Order, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or Interest Payment Date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Order. Upon any

change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Register (or a copy thereof), along with all other pertinent books and records relating to the Notes, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Note, 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) Book-Entry-Only System. (i) The definitive Notes shall be initially issued in the form of a separate single fully registered Note for each of the maturities thereof. Upon initial issuance, the ownership of each such Note shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 5(f) hereof, all of the outstanding Notes shall be registered in the name of Cede & Co., as nominee of DTC.

(ii) With respect to Notes registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Notes, except as provided in this Order. Without limiting the immediately preceding sentence, the Issuer 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 Notes, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Notes, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Notes. Notwithstanding any other provision of this Order to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Note is registered in the Register as the absolute Owner of such Note for the purpose of payment of principal of, premium, if any, and interest on the Notes, for the purpose of giving notices of redemption and other matters with respect to such Note, for the purpose of registering transfer with respect to such Note, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Notes only to or upon the order of the respective Owners, as shown in the Register 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 Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Notes to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a certificate evidencing the obligation of the Issuer to make payments of amounts due 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 or drafts 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.

(f) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the Issuer or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter by and between the Issuer, the Paying Agent/Registrar and DTC (the "Representation Letter"), and that it is in the best interest of the Owners of the Notes that they be able to obtain certificated Notes, or in the event DTC discontinues the services described herein, the Issuer or the Paying Agent/Registrar shall (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, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Notes to such successor securities depository; or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Notes and transfer one or more separate Notes to DTC Participants having Notes credited to their DTC accounts, as identified by DTC. In such event, the Notes shall no longer be restricted to being registered in the Register 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 Owners transferring or exchanging Notes shall designate, in accordance with the provisions of this Order.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Notes are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Notes, and all notices with respect to such Notes, shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 6. FORMS. (a) Forms Generally. The Notes, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Authentication Certificate of Paying Agent/Registrar, and the Assignment form to appear on each of the Notes, (i) shall be substantially in the form set forth in this Section, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the Issuer or by the officers executing such Notes, as evidenced by their execution thereof.

(b) Placement of Text. Any portion of the text of any Notes may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Notes.

(c) Definitive Notes. The Notes shall be typed, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Notes, as evidenced by their execution thereof.

(d) Initial Note. The Initial Note submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

(e) Form of the Notes. The form of the Notes, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Authentication Certificate of Paying Agent/Registrar and the form of Assignment appearing on the Notes, shall be substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Order.

FORM OF NOTE

United States of America
State of Texas

NUMBER
R-_____
REGISTERED

DENOMINATION
\$_____
REGISTERED

POLK COUNTY, TEXAS
TAX NOTE
SERIES 2004

INTEREST RATE	MATURITY DATE:	ISSUE DATE:	CUSIP NO:
_____ %	_____	August 15, 2004	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

POLK COUNTY, TEXAS (the "County"), a political subdivision of the State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner, specified above, or registered assigns thereof (the

"Registered Owner"), on the Maturity Date, specified above, upon presentation and surrender of this Note at the Designated Payment/Transfer Office of Wells Fargo Bank, N.A., or its successor (the "Paying Agent/Registrar"), the Principal Amount, specified above, in lawful money of the United States of America, and to pay interest thereon at the Interest Rate, specified above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the Issue Date or the most recent date to which interest has been paid or duly provided for. Interest on this Note is payable by check on February 15, 2005, and on each August 15 and February 15 thereafter, mailed to the Registered Owner of record as shown on the Register kept by the Paying Agent/Registrar, as of the date which is the last business day of the month next preceding the Interest Payment Date (the "Record Date"), or in such other manner as may be acceptable to the Registered Owner and the Paying Agent/Registrar.

THIS NOTE is one of a series of notes (the "Notes") dated as of August 15, 2004, of like designation, date, and tenor, except as to number, interest rate, denomination, and maturity issued pursuant to the order adopted by the Commissioners Court on August 10, 2004 (the "Order"), in the original aggregate principal amount of \$805,000 for the purpose of paying contractual obligations incurred for the acquisition of vehicles and road maintenance equipment, construction of road and bridge improvements within the County, the renovation and improvement of county buildings, the acquisition of jail equipment and the payment of costs of issuance, by virtue of the laws of the State of Texas, including particularly Chapter 1431, Texas Government Code.

THE NOTES are issued pursuant to the Order whereunder the Commissioners Court of the County has levied a continuing, direct, annual ad valorem tax on taxable property within the County, within the limits prescribed by law, for each year while any part of the Notes are considered outstanding under the provisions of the Order, in sufficient amount to pay interest on each Note as it becomes due, to provide a sinking fund for the payment of the principal of the Notes when due, and to pay the expenses of assessing and collecting such tax. Reference is hereby made to the Order for provisions with respect to the custody and application of the County's funds, remedies in the event of a default hereunder or thereunder, and the other rights of the Registered Owner. By acceptance of this Note, the Registered Owner consents to all of the provisions of the Order, a certified copy of which is on file in the office of the County Clerk.

THE NOTES ARE NOT SUBJECT TO REDEMPTION PRIOR TO THEIR STATED MATURITIES.

THIS NOTE IS TRANSFERABLE OR EXCHANGEABLE only upon presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar. If this Note is being transferred, it shall be duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner, or his authorized representative, subject to the terms and conditions of the Order. If this Note is being exchanged, it shall

be in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Order. The Registered Owner of this Note shall be deemed and treated by the County and the Paying Agent/Registrar as the absolute owner hereof for all purposes, including payment and discharge of liability upon this Note to the extent of such payment, and the County and the Paying Agent/Registrar shall not be affected by any notice to the contrary.

ANY ACCRUED INTEREST DUE at maturity of this Note or upon redemption thereof prior to maturity as herein provided shall be paid to the Registered Owner upon presentation and surrender of this Note for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The County covenants with the Registered Owner of this Note that on or before each principal payment date, Interest Payment Date, and accrued Interest Payment Date for this Note it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Notes, when due.

IF THE DATE for the payment of the principal of or interest on this Note shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar 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 which 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.

ALL NOTES OF THIS SERIES are issuable solely as fully registered Notes, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Order, this Note, 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 Notes, 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 Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Order. Among other requirements for such assignment and transfer, this Note 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 Note or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Note or any such portion or portions hereof is or are to be registered. The form of

Assignment printed or endorsed on this Note 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 Note or any portion or portions hereof from time to time by the Registered Owner. The person requesting such transfer and exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for transferring and exchanging any Note or portion thereof. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the person requesting such assignment, transfer, or exchange, as a condition precedent to the exercise of such privilege. The foregoing notwithstanding, in the case of the exchange of a portion of a Note which has been redeemed prior to maturity, as provided herein, and in the case of the exchange of an assigned and transferred Note or Notes or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the County.

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 (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 the Registered Owner appearing on the Register of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

IN THE EVENT any Paying Agent/Registrar for the Notes is changed by the County, resigns, or otherwise ceases to act as such, the County has covenanted in the 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.

IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED that all acts, conditions, and things necessary to be done precedent to the issuance of the Notes in order to render the same legal, valid, and binding obligations of the County have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law; that provision has been made for the payment of the principal of and interest on the Notes by the levy of a continuing, direct, annual ad valorem tax upon taxable property within the County, within the limits prescribed by law; and that issuance of the Notes does not exceed any constitutional or statutory limitation.

BY BECOMING the Registered Owner of this Note, the Registered Owner thereby acknowledges all of the terms and provisions of the Order, agrees to be bound by such terms and provisions, and agrees that the terms and provisions of this Note and the Order constitute a contract between each Registered Owner and the County.

IN WITNESS WHEREOF this Note has been signed with the manual or facsimile signature of the County Judge of the County, countersigned with the manual or facsimile signature of the County Clerk of the County, registered by the manual or facsimile signature of the County Treasurer of the County, and the official seal of the Commissioners Court of the County has been duly impressed, or placed in facsimile, on this Note.

POLK COUNTY, TEXAS

COUNTERSIGNED:

County Clerk
Polk County, Texas

County Judge
Polk County, Texas

REGISTERED:

County Treasurer
Polk County, Texas

[COMMISSIONERS COURT SEAL]

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

*Print on or attach to Initial Note only

COMPTROLLER'S REGISTRATION CERTIFICATE:
STATE OF TEXAS:

REGISTER NO. _____

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has examined and finds that this Note has been issued in conformity with the laws of the State of Texas and is a valid and binding obligation of Polk County, Texas, and further that this Note has been registered this day by me.

WITNESS my signature and seal of office this _____.

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts of
the State of Texas

FORM OF AUTHENTICATION CERTIFICATE**

**Print on Definitive Notes only

AUTHENTICATION CERTIFICATE

This Note is one of the Notes described in and delivered pursuant to the within-mentioned Order, and this Note has been issued in conversion of and exchanged for, or replacement of, a Note, Notes, or a portion of a Note or Notes, which was originally approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

WELLS FARGO BANK, N.A.
Houston, Texas

Registration Date: _____

By: _____
Authorized Signature

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto ____

_____/_____/_____
(Please print or typewrite name and address, including zip code, of Transferee) (Please insert Social Security or Taxpayer Identification Number)

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney, to register the transfer of the within Note 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 as defined by SEC Rule 17Ad-15 (17 CFR 240-17Ad-15).

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

(f) Form of Initial Note. The Initial Note shall be in the form set forth in subsection (e) of this Section, except the following shall replace the heading and the first paragraph:

NO. I-1

\$805,000

United States of America
State of Texas
POLK COUNTY, TEXAS
TAX NOTE
SERIES 2004

Issue Date: August 15, 2004

Registered Owner: RBC DAIN RAUSCHER

Principal Amount: EIGHT HUNDRED FIVE THOUSAND DOLLARS

POLK COUNTY, TEXAS (the "County"), a political subdivision of the State of Texas, promises to pay to the Registered Owner, specified above, or registered assigns (the "Registered Owner"), on August 15 in each of the years, and bearing interest at per annum rates in accordance with the following schedule:

<u>YEARS OF STATED MATURITIES</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATES</u>
2005	\$ 215,000	2.500%
2006	215,000	3.000%
2007	215,000	3.000%
2008	80,000	3.250%
2009	80,000	3.500%

upon presentation and surrender of this Note to Wells Fargo Bank, N.A., or its successor (the "Paying Agent/Registrar"), at its Designated Payment/Transfer Office in Houston, Texas, the Principal Amount, specified above, in lawful money of the United States of America, and to pay interest thereon at the Interest Rate, specified above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the Issue Date or the most recent date to which interest has been paid or duly provided for. Interest on this Note is payable by check on February 15, 2005 and on each August 15 and February 15 thereafter, mailed to the Registered Owner of record as shown on the Register kept by the Paying Agent/Registrar, as of the date which is the last business day of the month next preceding the Interest Payment Date (the "Record Date"), or in such other manner as may be acceptable to the Registered Owner and the Paying Agent/Registrar.

Section 7. **INTEREST AND SINKING FUND.** The "Polk County, Texas Tax Notes, Series 2004 Interest and Sinking Fund" (the "Interest and Sinking Fund"), is hereby authorized and shall be established and maintained in a depository bank of the Issuer, so long as the Notes, or interest thereon, are outstanding and unpaid for the purpose described in Section 9.

Section 8. **CONSTRUCTION FUND.** (a) Establishment of Construction Fund. A special fund or account, to be designated the "Polk County, Texas Tax Notes, Series 2004 Construction Fund" (the "Construction Fund") is hereby created and shall be established and maintained by the Issuer at the official Issuer depository. The Construction Fund shall be kept separate and apart from all other funds and accounts of the Issuer. The proceeds from the sale of the Notes shall be deposited in the Construction Fund and payments from the Construction Fund shall be made as provided below.

(b) Payments from Construction Fund. Payments from the Construction Fund shall be made solely for the purpose of paying contractual obligations incurred for the acquisition of vehicles and road maintenance equipment, construction of road and bridge improvements within the County, the renovation and improvement of county buildings, the acquisition of jail equipment and the payment of costs of issuance.

(c) Surplus Construction Funds. Any moneys remaining in the Construction Fund after completion of the entirety of the contractual obligations authorized hereby shall be deposited into the Interest and Sinking Fund.

Section 9. TAX LEVY. During each year while any of the Notes are outstanding and unpaid, the Commissioners 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 Notes as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Notes as such principal matures (but never less than 2% of the original principal amount of the Notes as a sinking fund each year); and said 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. Said 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 Notes are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Notes, as such interest comes due and such principal matures, are hereby pledged to such payment, within the limits prescribed by law.

Section 10. EFFECT OF PLEDGE. Chapter 1208, Government Code, applies to the issuance of the Notes and the pledge of the taxes granted by the Issuer under Section 9 of this Order, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Notes are outstanding and unpaid such that the pledge of the taxes granted by the Issuer under Section 9 of this Order is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the Registered Owners of the Notes the perfection of the security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 11. SECURITY FOR FUNDS. All Funds created by this Order shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Order.

Section 12. DISCHARGE AND DEFEASANCE OF NOTES. (a) If the County shall pay or cause to be paid, the principal of, premium, if any, and interest on the Notes, at the times and in the manner stipulated in this Order, then the pledge of taxes levied under this Order and all covenants, agreements, and other obligations of the County to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

The Notes, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Notes or the principal amount(s) thereof at the stated maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or any trust company or commercial bank that does not act as a depository for the County, which Government Securities have been certified by

an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Notes, or the principal amount(s) thereof, on and prior to the stated maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof.

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or any trust company or commercial bank that does not act as a depository for the County, pursuant to this Section which is not required for the payment of the Notes, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the County or deposited as directed by the County. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Notes and remaining unclaimed for a period of three (3) years after the stated maturity of the Notes or applicable redemption date, such money was deposited and is held in trust to pay shall upon the request of the County be remitted to the County against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem Notes that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the County expressly reserves the right to call the defeased Notes for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Notes immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Notes, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Notes.

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

Section 13. **DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTES.**

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

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

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section 13, in the event any such Note shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on this Note, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Note) instead of issuing a replacement Note, provided security or indemnity is furnished as above provided in this Section 13.

(d) Charge for Issuing Replacement Notes. Prior to the issuance of any replacement Note, the Paying Agent/Registrar shall charge the Registered Owner of such Note with all legal, printing, and other expenses in connection therewith. Every replacement Note issued pursuant to the provisions of this Section 13 by virtue of the fact that any Note is lost, stolen, or destroyed shall constitute an obligation of the Issuer whether or not the lost, stolen, or destroyed Note 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 Notes duly issued under this Order.

(e) Authority for Issuing Replacement Notes. In accordance with Chapter 1431, Texas Government Code, this Section 13 of this Order shall constitute authority for the issuance of any such replacement Note without necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Notes is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Notes in the form and manner and with the effect, as provided in Section 5(a) of this Order for Notes issued in conversion and exchange of other Notes.

Section 14. CUSTODY, APPROVAL, AND REGISTRATION OF NOTES; BOND COUNSEL OPINION, CUSIP NUMBERS, STATEMENT OF INSURANCE. The County Judge is hereby authorized to have control of the Notes initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Notes 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 Notes said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Notes, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The legal opinion of the Issuer's Bond Counsel, and the assigned CUSIP numbers may, at the option of the Issuer, be printed on or attached to the Notes issued and delivered under this Order, but none of such opinion, statement, or number shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Notes. A statement relating to a municipal bond insurance policy, if any, to be issued for the Notes may be printed on each Note.

Section 15. REMEDIES IN EVENT OF DEFAULT. In addition to all of the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees that in the event of default in payment of principal of or interest on any of the Notes when due, or, in the event it fails to make the payments required to be made into the Interest and Sinking Fund or defaults in the observance of performance of any other of the contracts, covenants, conditions, or obligations set forth in this Order or in the Notes, the following remedies shall be available:

(a) the Registered Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Issuer and the officials thereof to observe and perform the contracts, covenants, obligations, or conditions prescribed in this Order; and

(b) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 16. FEDERAL TAX COVENANTS.

(a) The Issuer hereby represents that the proceeds of the Notes are needed at this time for the purposes specified in Section 2 hereof; that based on current facts, estimates and circumstances, it is reasonably expected that final disbursement of the proceeds of the Notes will occur within three years after the closing date, that substantial binding obligations to commence such acquisitions will be incurred within six months of the closing date and that the accomplishment of the projects for which the Notes are hereby issued will proceed with due diligence to completion; that it is not reasonably expected that the proceeds of the Notes or money deposited in the Interest and Sinking Fund will be

used or invested in a manner that would cause the Notes to be or become "arbitrage bonds," within the meaning of Section 148 of the Code; and that, except for the Interest and Sinking Fund, no other funds or accounts have been established or pledged to the payment of the Notes.

(b) The Issuer will not take any action or fail to take any action with respect to the investment of the proceeds of the Notes or any other funds of the Issuer, including amounts received from the investment of any of the foregoing, which act or omission based upon the facts, estimates, and circumstances known on the closing date, would result in constituting the Notes "arbitrage bonds," within the meaning of Section 148 of the Code, and the Issuer will not take any deliberate action motivated by arbitrage that would have such result.

(c) The Issuer will comply with the provisions of Section 148(f) of the Code (relating to paying certain excess earnings of investment proceeds of the Notes to the United States) and the regulations promulgated thereunder.

(d) The Issuer will not take any action or fail to take any action which act or omission would result in the interest on the Notes being includable in gross income for federal tax purposes.

(e) The Issuer will not take any action or fail to take any action which act or omission would result in the Notes being treated as "private activity bonds" within the meaning of Section 141(a) of the Code.

(f) The Issuer will not take any action or fail to take any action which act or omission would result in the Notes being treated as "federally guaranteed" within the meaning of Section 149(b) of the Code.

(g) Proper officers of the Issuer charged with the responsibility of issuing the Notes are hereby directed to make, execute and deliver certifications as to facts, estimates and circumstances in existence as of the closing date and stating whether there are any facts, estimates or circumstances that would materially change the Issuer's current expectations.

(h) The covenants and representations made or required by this Section are for the benefit of the Owners and may be relied upon by the Owners and Bond Counsel for the Issuer.

It is the understanding of the Issuer 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 furtherance of such intention, the Issuer hereby authorizes and directs the County Judge and County Auditor to execute any documents, certificates, or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the

purpose for the issuance of the Notes. In the event that regulations or rulings are hereafter promulgated which modify, or expand provisions of the Code, as applicable to the Notes, the Issuer will not be required to comply with any covenant contained herein to the extent that such modification or expansion, in the opinion of nationally-recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Notes 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 Notes, the Issuer 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 Notes under section 103 of the Code.

Section 17. **QUALIFIED TAX-EXEMPT OBLIGATIONS.** The Issuer hereby designates the Notes as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants, and warrants the following: (a) during the calendar year in which the Notes are issued, the Issuer (including any subordinate entities) has not designated nor will designate bonds or other obligations, which when aggregated with the Notes, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) the Issuer reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year in which the Notes are issued, by the Issuer (or any subordinate entities) will not exceed \$10,000,000; and (c) the Issuer will take such action or refrain from such action as necessary in order that the Notes will not be considered "private activity bonds" within the meaning of section 141 of the Code.

Section 18. **SALE OF NOTES.** The Notes are hereby sold and shall be delivered to the Underwriter at a price of \$813,310.35 (representing the principal amount of the Notes of \$805,000, plus an original issue premium of \$15,672.85 and less an underwriter's discount of \$7,362.50) plus accrued interest on the Notes from August 15, 2004 to the date of closing, in accordance with the terms of a Note Purchase Agreement of even date herewith, presented to and hereby approved by the Commissioners Court, which price and terms are hereby found and determined to be the most advantageous and reasonably obtainable by the County. The County Judge is authorized to execute the Note Purchase Agreement. In addition, other appropriate officials of the County are hereby authorized and directed to execute such Note Purchase Agreement on behalf of the County. The County Judge and all other officers, agents and representatives of the County are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Notes.

Section 19. **USE OF PROCEEDS.** The Issuer hereby covenants that the proceeds of the sale of the Notes will be used as soon as practicable for the purposes for which the Notes are issued. Obligations purchased as an investment of money in a fund shall be deemed to be a part of such fund.

Section 20. **APPROVAL OF OFFICIAL STATEMENT.** The form and substance of the Official Statement for the Notes and any addenda, supplement or amendment thereto

(the "Official Statement") presented to and considered at this meeting is hereby in all respects approved and adopted. The County Judge and the County Clerk are hereby authorized and directed to execute the same and deliver appropriate numbers of executed copies thereof to the Underwriter. The use and distribution of the Preliminary Official Statement by the Issuer's Financial Advisor, Coastal Securities, and the Underwriter, is hereby ratified, approved and confirmed and is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, by the Commissioners Court. The Underwriter is hereby authorized to use and distribute the Official Statement in reoffering, sale, and delivery of the Notes to the public. The County Clerk is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting.

Section 21. **AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS.** The County Judge, County Clerk, County Treasurer and County Auditor, and all other officers, employees, and agents of the Issuer, and each of them, shall be and they are hereby expressly 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 seal of the Commissioners Court and on behalf of the Issuer 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 Notes, the Official Statement, and the Paying Agent/Registrar Agreement.

Section 22. **CONTINUING DISCLOSURE UNDERTAKING.**

(a) The offering of the Notes qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the County's continuing disclosure obligations because the County has not issued more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Notes.

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

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Rule" means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

"SEC" means the United States Securities and Exchange Commission.

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

(c) Updated Information and Data. The County will provide to any person, upon request made to the County in writing, financial information and operating data which is customarily prepared by the County and is publicly available. The information to be updated includes all quantitative financial information and operating data of the general type included in the Official Statement in Appendix B. The County will update and provide this information to any person within 6 months after the end of each fiscal year ending in or after 2004, unless the County has provided such information to the SID in the preceding 12 months.

(d) Material Event Notices. The Issuer shall notify any SID and each NRMSIR, in a timely manner, of any of the following events with respect to the Notes, if such event is material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Notes;
7. Modifications to rights of holders of the Notes;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Notes; and
11. Rating changes.

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

(e) Limitations, Disclaimers, and Amendments. The Issuer shall be obligated to observe and perform the covenants specified in this Section with respect to the Issuer and the Notes while, but only while, the Issuer remains an "obligated person" with respect to the Notes within the meaning of the Rule, except that the Issuer in any event will give notice required by subsection (d) of this Section of any bond calls and defeasance that cause the Issuer to no longer be such an "obligated person."

The provisions of this Section are for the sole benefit of the Holders and Beneficial Owners of the Notes, 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 Issuer 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 financial results, condition, or prospects of the Issuer or the State of Texas or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Notes at any future date.

UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY NOTE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, 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.

No default by the Issuer 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 Issuer under federal and state securities laws.

The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Notes in the primary offering of the Notes in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the

date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders 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 Notes consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and Beneficial Owners of the Notes. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (c) an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 23. BOND INSURANCE. The purchase of and payment of the premium for municipal bond insurance by the County, in accordance with the terms of a commitment for such insurance presented to and hereby approved by the Commissioners Court is hereby authorized. All officials and representatives of the County are authorized and directed to execute such documents and to do any and all things necessary or desirable to obtain such insurance, and the printing on the Notes of an appropriate legend regarding such insurance is hereby approved.

Section 24. INCORPORATION OF RECITALS. The Issuer hereby finds that the statements set forth in the recitals of this Order are true and correct, and the Issuer hereby incorporates such recitals as a part of this Order.

Section 25. EFFECTIVE DATE. This Order shall take effect and be in full force and effect upon and after its passage.

[The remainder of this page intentionally left blank.]

PASSED AND APPROVED this _____ day of August, 2004.

County Judge
Polk County, Texas

ATTEST:

County Clerk
Polk County, Texas

[COMMISSIONERS COURT SEAL]

[SIGNATURE PAGE]

Form of Paying Agent/Registrar Agreement



COPY

Item #6

**ORDER
OF THE COMMISSIONERS COURT
OF POLK COUNTY, TEXAS**

**CHANGING THE POLLING LOCATION OF CERTAIN
COUNTY ELECTION PRECINCT/S**

WHEREAS, the Polk County Commissioners Court met in a special called session on August 10, 2004 at 10:00 a.m., where among other items the Court considered a recommendation of the County Clerk to designate a change in the Temporary Branch - Early Voting polling place for County Election Precinct 18, located in Livingston, Texas (see attached Exhibit "A"); and

WHEREAS, the Clerk recommended the polling location for the referenced Election Precinct be moved from the Dunbar Gymnasium to the Community Action Building located at 1110 Dogwood in Livingston, Texas; and

WHEREAS, the Clerk verifies that the recommended location is suitable for designation as a polling place and that this change conforms to the requirements set out in the Election Code of the State of Texas, Chapter 43; and

WHEREAS, the Polk County Commissioners Court finds that it is in the best interest of the County and its citizens to approve the recommendation of the County Clerk and to make said designation.

NOW, THEREFORE, it is ordered that the Temporary Branch - Early Voting polling place for County Election Precinct 18 shall be designated as the Community Action Building at 1110 Dogwood in Livingston, Texas.

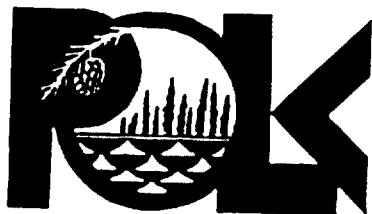
APPROVED on this the 10th day of August, 2004.

John P. Thompson, County Judge

Attest:

Barbara Middleton, County Clerk
Polk County, Texas

(seal)



POLK COUNTY, TEXAS

Barbara Middleton
County Clerk

P.O. Drawer 2119 Livingston, Texas 77351 Telephone(936)327-6805 Fax(936)327-6874

Sharon Jordan, Chief Deputy Clerk
Recording Office (936)327-6804

Date: August 10, 2004

To: Commissioners Court
 Judge John P. Thompson
 Commissioner Willis
 Commissioner Smith
 Commissioner Purvis
 Commissioner Overstreet

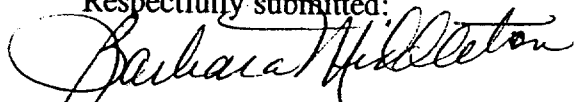
From: County Clerk

Subject: Recommendation for Polling Place location
 change TEMPORARY BRANCH - EARLY VOTING
 PRECINCT #18

I am recommending a location change of "Temporary Branch Early Voting" at Precinct #18, moving it from the Dunbar Gymnasium to the Community Action Building at 1110 Dogwood Street, which is located on same school campus. Community leaders Mr. Elgin Davis & (Ret) Col. Howard Daniel has requested this change because of concerns regarding the safety and privacy issues of Voters during the election process. My staff has inspected the building and it meets all the ADA Accessible requirements for disabled voters and the facility is equipped with restrooms, adequate parking area and is a more secure environment for the privacy of voters.

AGENDA ITEM:
CONSIDER APPROVAL AND DESIGNATION OF RECOMMENDED LOCATION CHANGE FOR "TEMPORARY BRANCH EARLY VOTING" POLLING PLACE - PRECINCT #18, INCLUDING APPROVAL OF A "COURT ORDER" ORDERING THE CHANGE IN LOCATION TO COMPLY WITH WRITTEN PRECLEARANCE REQUIREMENTS BY THE U.S. JUSTICE DEPARTMENT.

Respectfully submitted:


Barbara Middleton