

**AN ORDER AUTHORIZING THE ISSUANCE OF \$1,570,000 "POLK COUNTY, TEXAS TAX NOTES, SERIES 2014"; 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 (the "County") needs to construct improvements to County buildings; acquire vehicles, computer equipment and software, office equipment, road maintenance equipment, and public safety equipment; and construct improvements to County roads and bridges; and

**WHEREAS**, the County will issue anticipation notes (the "Notes") secured by ad valorem taxes to fund such items; and

**WHEREAS**, the County has previously made a resolution to authorize the reimbursement of certain expenditures on September 10, 2013, which authorized the reimbursement of \$1,000,000 from its General Fund and \$1,000,000 from its Road and Bridge Fund; and

**WHEREAS**, the County finds that additional expenditures are necessary for projects originally included in the Description of Projects; such expenditures to include the County's matching fund requirement under the Texas Historic Commission Emergency Courthouse Restoration Grant; and

**WHEREAS**, the County determined that it should increase the amount projected for reimbursement from the General Fund by an additional \$630,000 to cover future expenditures before it issues obligations to reimburse itself from such fund; and

**WHEREAS**, the County on June 10, 2014 amended and made a resolution to authorize the reimbursement of certain expenditures, which authorized the reimbursement of \$1,630,000 from its General Fund and \$1,000,000 from its Road and Bridge Fund; and

**WHEREAS**, as a result of such reimbursement resolutions the County will reimburse \$1,423,381.92 to its General Fund and \$116,344.00 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, land, 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**, Section 1431.005, Texas Government Code, as amended, permits the County to use the proceeds of the Notes to repay interfund borrowings that do not occur earlier than 24 months before the date of the order authorizing the issuance of the Notes; and

**WHEREAS**, none of the expenditures to be reimbursed occurred beyond 13 months from the date of this order; and

**WHEREAS**, the County Auditor has recommended that the Commissioners Court issue anticipation notes to (1) construct improvements to County buildings; (2) acquire vehicles; (3) acquire computer equipment and software; (4) acquire office equipment; (5) acquire road maintenance equipment; (6) acquire public safety equipment; (7) construct County road and bridge improvements; and (8) pay costs of issuance and professional services related thereto; and

**WHEREAS**, on the 12th day of August, 2014, the Commissioners Court of the County convened at 10:00 a.m. and considered passage of an order authorizing the issuance of said Notes (the "Order"); and

**WHEREAS**, the County has determined that the Notes should be sold for cash in accordance with the provisions of Chapter 1431.010, Texas Government Code, as amended; and

**WHEREAS**, this County hereby finds and determines that Notes in the par amount of \$1,570,000 should be issued and sold at this time; and

**WHEREAS**, the County desires to issue the 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.

"DTC" means The Depository Trust Company, New York, New York, or any successor securities depository.

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

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

"Initial Purchaser" means BOSC, Inc., the initial purchaser of the Notes.

"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, 2015.

"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 2014," in the aggregate principal amount of \$1,570,000, 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 BOKF, NA dba Bank of Texas, Austin, 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" or "Owner" means the person who is the registered owner of a Note or Notes, as shown in the Register.

Section 2. AUTHORIZATION, AMOUNT AND PURPOSE OF NOTES. The County's tax notes (the "Notes") are hereby authorized to be issued in the aggregate principal amount of \$1,570,000 for the purpose of paying contractual obligations incurred for (1) improvements to County buildings, (2) acquisition of vehicles, (3) acquisition of computer equipment and software, (4) acquisition of office equipment, (5) acquisition of road maintenance equipment, (6) acquisition of public safety equipment, (7) County road and bridge improvements, and (8) payment of costs of issuance and professional services related thereto.

Section 3. DESIGNATION. The Notes shall be designated as the "Polk County, Texas Tax Notes, Series 2014."

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 September 1, 2014 (which date shall be the Dated 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 Initial Purchaser (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 February 15 in each of the years and in the respective amounts as set forth below and the Notes shall bear interest from the Dated 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>
2015	\$215,000	1.000%
2016	210,000	1.000%
2017	220,000	1.000%
2018	225,000	2.000%
2019	230,000	2.000%
2020	230,000	2.000%
2021	240,000	2.000%

(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 County shall keep or cause to be kept at the Designated Payment/Transfer Office of BOKF, NA dba Bank of Texas, Austin, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion, and exchange of the Notes (the "Register"), and the County hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions, and exchanges under such reasonable regulations as the County 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 County and the Paying Agent/Registrar which is hereby approved in substantially final form, and the County Judge and County Clerk of the County 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 County 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 County 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 County 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 AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) *Substitute Paying Agent/Registrar.* The County covenants with the Registered Owners of the Notes that at all times while the Notes are outstanding the County 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 County 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 County covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the 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 County. Upon any change in the Paying Agent/Registrar, the County promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the 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 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 Notes, 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 (A) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Notes, (B) 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 (C) 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 County 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 County'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 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.

(f) *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 Notes that they be able to obtain certificated Notes, 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 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 County 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 2014



INTEREST RATE                      MATURITY DATE:                      DATED DATE:                      CUSIP NO:  
\_\_\_\_\_ %                      \_\_\_\_\_                      September 1, 2014                      \_\_\_\_\_

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 BOKF, NA dba Bank of Texas, Austin, Texas, 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 Dated 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, 2015, 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 September 1, 2014, 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 12, 2014 (the "Order"), in the original aggregate principal amount of \$1,570,000 for the purpose of paying contractual obligations incurred for (1) improvements to County buildings, (2) acquisition of vehicles, (3) acquisition of computer equipment and software, (4) acquisition of office equipment, (5) acquisition of road maintenance equipment, (6) acquisition of public safety equipment, (7) County road and bridge improvements, and (8) payment of costs of issuance and professional services related thereto, by virtue of the laws of the State of Texas, including particularly Chapter 1431, Texas Government Code, as amended.

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 all 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 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: REGISTER NO. \_\_\_\_\_  
STATE OF TEXAS:

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.

BOKF, NA dba BANK OF TEXAS  
Austin, 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:

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NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution as defined by SEC Rule 17Ad-15 (17 CFR 240-17Ad-15).

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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

\$1,570,000

United States of America  
State of Texas  
POLK COUNTY, TEXAS  
TAX NOTE  
SERIES 2014

Dated Date: September 1, 2014

Registered Owner:

Principal Amount: ONE MILLION FIVE HUNDRED SEVENTY 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 February 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>
2015	\$215,000	1.000%
2016	210,000	1.000%
2017	220,000	1.000%
2018	225,000	2.000%
2019	230,000	2.000%

2020	230,000	2.000%
2021	240,000	2.000%

upon presentation and surrender of this Note to BOKF, NA dba Bank of Texas, or its successor (the "Paying Agent/Registrar"), at its Designated Payment/Transfer Office in Austin, 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 Dated 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, 2015 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 2014 Interest and Sinking Fund" (the "Interest and Sinking Fund"), is hereby authorized and shall be established and maintained in a depository bank of the County, 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 2014 Construction Fund" (the "Construction Fund") is hereby created and shall be established and maintained by the County at the official County depository. The Construction Fund shall be kept separate and apart from all other funds and accounts of the County. 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 as follows:

(A) There shall be immediately deposited to the Interest and Sinking Fund the accrued interest on the Notes to the date of delivery.

(B) The remainder in the Construction Fund shall be used solely for the purpose of paying contractual obligations incurred for (1) improvements to County buildings, (2) acquisition of vehicles, (3) acquisition of computer equipment and software, (4) acquisition of office equipment, (5) acquisition of road maintenance equipment, (6) acquisition of public safety equipment, (7) County road and bridge improvements, and (8) payment of costs of issuance and professional services related thereto.

(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, Texas Government Code, applies to the issuance of the Notes and the pledge of the taxes granted by the County 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 County 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 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 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 ensure 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 County 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 County 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 County and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Note, the Registered Owner shall furnish to the County and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such 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 County 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 County 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, as amended, this Section 13 of this Order shall constitute authority for the issuance of any such replacement Note without necessity of further action by the County 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 County's Bond Counsel, and the assigned CUSIP numbers may, at the option of the County, 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 County 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 County 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 County 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 County 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 County, 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 County will not take any deliberate action motivated by arbitrage that would have such result.

(c) The County 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 County 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 County 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 County 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 County 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 County'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 County.

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 furtherance of such intention, the County 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 County, 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 County 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 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 Notes under section 103 of the Code.

Section 17. RESERVED.

Section 18. SALE OF NOTES. The Notes have been duly advertised for public sale; bids have been received pursuant thereto; and the Notes are hereby sold and shall be delivered to BOSC, Inc. (the "Initial Purchaser"), at a purchase price of \$1,588,886.60 plus accrued interest to the date of delivery, being the best bid submitted at the public sale, such bid being submitted electronically using the PARITY electronic bid system, such bid as submitted is attached hereto as Exhibit B. The Initial Note shall be registered in the name of CEDE & Co. Delivery of said Notes shall be made to such Initial Purchaser as soon as practicable after the adoption of this Order and upon payment for said Notes. The County Judge and other appropriate officials are hereby authorized and directed to execute such Official Bid Form on behalf of the County, and 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. The Commissioners Court further directs that the cash premium be applied to costs of issuance.

Section 19. USE OF PROCEEDS. The County 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 Initial Purchaser. The use and distribution of the Preliminary Official Statement by the County's Financial Advisor, USCA Municipal Advisors, LLC, a subsidiary of U.S. Capital Advisors, LLC, and the Initial Purchaser, 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 Initial Purchaser is hereby authorized to use and distribute the Official Statement in the 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 County, 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 County all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Notes, the Official Statement, and the Paying Agent/Registrar Agreement.

Section 22. CONTINUING DISCLOSURE UNDERTAKING.

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

"EMMA" means the Electronic Municipal Market Access System established by the MSRB.

"MSRB" means the Municipal Securities Rulemaking Board.

"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.

(b) *Annual Reports.* The County shall provide annually to the MSRB through EMMA, within six months after the end of each fiscal year ending in or after 2014, financial information and operating data with respect to the County that is of the general type included in the Official Statement authorized by Section 20, being the information described in Schedules numbered 1 through 6 in APPENDIX A – FINANCIAL INFORMATION AND DEBT INFORMATION and APPENDIX C. Any financial statements so 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 the audit of such financial statements is not complete within such period, then the County shall provide (1) unaudited financial statements for such fiscal year within such six month period, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements becomes available.

If the County changes its fiscal year, it will notify the MSRB through EMMA of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB, that theretofore has been provided to the MSRB through EMMA or filed with the SEC).

(c) *Event Notices.* The County shall notify the MSRB through EMMA, in a timely manner not in excess of ten business days after the occurrence, of any of the following events with respect to the Notes:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or

determinations with respect to the tax status of the Notes or other material events affecting the tax-exempt status of the Notes;

7. Modifications to rights of holders of the Notes, if material;
8. Redemption calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Notes, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) *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 Notes while, but only while, the County remains an "obligated person" with respect to the Notes within the meaning of the Rule, except that the County in any event will give notice required by subsection (c) 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 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 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 Notes at any future date.



UNDER NO CIRCUMSTANCES SHALL THE COUNTY 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 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 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 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 Notes. 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 (b) 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. FURTHER PROCEDURES. The County Judge, County Clerk, County Auditor and all other officers, employees, and agents of the County, 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 to execute, acknowledge and deliver in the name and under the official seal and on behalf of the County all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Notes, the sale of the Notes and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Notes, the County Judge and County Clerk, County Auditor and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more

completely document the transactions contemplated and approved by this Order, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Notes by the Attorney General's office. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 24. ORDER A CONTRACT; AMENDMENTS. The Order shall constitute a contract with the Owners, from time to time, of the Notes, binding on the County and its successors and assigns, and shall not be amended or repealed by the County as long as any Note remains outstanding except as permitted in this Section. The County may amend the Order without the consent of or notice to any Owners in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the County may, with the written consent of the holders of a majority in aggregate principal amount of the Notes then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the Owners of all the Notes affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of any installment of interest on any Note is due and payable, reduce the principal amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Note or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Notes, (2) give any preference to any Note over any other Note, or (3) reduce the aggregate principal amount of the Notes required for consent to any amendment, addition, or waiver.

Section 25. INCORPORATION OF RECITALS. The County hereby finds that the statements set forth in the recitals of this Order are true and correct, and the County hereby incorporates such recitals as a part of this Order.

Section 26. 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 12th day of August, 2014.

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County Judge  
Polk County, Texas

ATTEST:

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County Clerk  
Polk County, Texas

[COMMISSIONERS COURT SEAL]

**EXHIBIT A**

Form of Paying Agent/Registrar Agreement

**EXHIBIT B**

Accepted Bid

