

**ORDER AUTHORIZING THE ISSUANCE OF POLK COUNTY, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017; AUTHORIZING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING OBLIGATIONS; AUTHORIZING THE COUNTY JUDGE OR COUNTY AUDITOR TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, AND TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS AND THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE PURPOSES OF THIS ORDER**

WHEREAS, the County has heretofore issued, sold, and delivered, and there are currently outstanding the following obligations, payable from ad valorem taxes: Certificates of Obligations, Series 2008 (the "Series 2008 Certificates"); and

WHEREAS, the County desires to refund a portion of its outstanding Series 2008 Certificates in advance of their maturities as determined pursuant to the parameters set forth herein (collectively, the "Refunded Obligations"); 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 Obligations in advance of their maturities and to accomplish such refunding by depositing directly with any paying agent for the Refunded Obligations, or other authorized depository, 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 Obligations, and provide that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Obligations; and

WHEREAS, the Act further authorizes the County to delegate the authority to effect the sale of the bonds to the County Judge or the County Auditor (the "Authorized Representative"); and

WHEREAS, the County desires to authorize the execution of an escrow agreement (the "Escrow Agreement") and provide for the deposit of proceeds of the refunding bonds, together with other funds, if available, to pay the Refunded Obligations; 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 to pay the Refunded Obligations with a commercial bank in an Escrow Agreement; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Obligations 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 Obligations shall be, with respect to the Refunded Obligations, 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 will benefit the County by providing a present value savings in the debt service payable by the County, and that such benefit is sufficient consideration for the refunding of the Refunded Obligations, and that the issuance of the refunding bonds is in the best interest of the County.

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 "Authorized Representative" means the County Judge, or the County Auditor, each of whom is authorized to make the determinations required in Section 5 of this Order.

The term "Bonds" shall mean the \$\_\_\_\_\_ \* Polk County, Texas General Obligation Refunding Bonds, Series 2017, authorized in this Order, unless the context clearly indicates otherwise.

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

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\*From Officer's Pricing Certificate.

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

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

The term "Dated Date" shall mean \_\_\_\_\_, \* 2017.

The term "Defeasance Securities" shall mean the (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (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 financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Bonds.

The term "Delivery Date" shall mean \_\_\_\_\_, \* 2017.

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 "Escrow Agent" shall mean \_\_\_\_\_, \* as escrow agent for the Refunded Obligations.

The term "Escrow Agreement" shall mean the agreement between the County and the Escrow Agent relating to the escrow of funds to pay the Refunded Obligations.

The term "Interest and Sinking Fund" shall mean the interest and sinking fund for payment of the Bonds established by the County in Section 19 of this Order.

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\*From Officer's Pricing Certificate.

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

The term "Issuer" shall mean the County.

The term "Officer's Pricing Certificate" shall mean the certificate executed by the County Judge or the County Auditor confirming the sale of the Bonds, including the amount, interest rate, and terms thereof and other procedures and provisions related thereto.

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

The term "Owner" or "Registered 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 \_\_\_\_\_ of the preceding month.

The term "Refunded Obligations" means those obligations selected by the Authorized Representative for refunding from the Schedule of Potential Refunding Candidates shown on Exhibit "A." A schedule showing the Refunded Obligations shall be attached to the Officer's Pricing Certificate.

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 initially \_\_\_\_\_,\* and its successors in that capacity.

The term "Underwriter" or "Purchaser" shall mean the purchaser of the Bonds as identified in the Officer's Pricing Certificate.

**SECTION 3. Authorization.** The Bonds shall be issued pursuant to the Act as fully registered obligations, without coupons in a maximum principal amount not to exceed \$4,250,000 for the purpose of refunding the Refunded Obligations, to restructure and level the combined debt service of the County, to provide a present value savings to the County and to pay costs of issuance.

**SECTION 4. Date, Denomination, Interest Rates and Maturities.** The Bonds shall be designated as "POLK COUNTY, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017," shall be dated as set out in the Officer's Pricing



Certificate, shall mature in each of the years and in the amounts set out in the Officer's Pricing Certificate, shall be subject to redemption as set forth in the Officer's Pricing Certificate, and shall bear interest from their delivery date and at the rates set forth in the Officer's Pricing Certificate payable on the dates set forth in the Officer's Pricing Certificate. The Bonds may be transferred and exchanged as set out in this Order. The Initial Bond shall be numbered I-1 and all other Bonds shall be numbered in sequence beginning with R-1. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

SECTION 5. Selling and Delivering the Bonds. As authorized by Section 1207.007, of the Act, as amended, the Authorized Representative is hereby authorized to act on behalf of the County in selling and delivering the Bonds and carrying out the other procedures specified in this Order, including without limitation, determining the price at which the Bonds will be sold, the issuance date for the Bonds, the form in which the Bonds shall be issued (whether as current interest bonds or as any combination of current interest bonds and compound interest bonds), the years in which the Bonds will mature, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the dates, and all other matters not expressly provided in this Order, relating to the issuance, sale and delivery of the Bonds, and the refunding of the Refunded Obligations, all of which shall be specified in the Officer's Pricing Certificate; provided that:

(i) none of the Bonds shall bear interest at a rate greater than 15% per annum or in excess of the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

(ii) the proceeds from the sale of the Bonds, along with any available funds of the County to be used in the refunding, must be sufficient to provide, after all original issue discount and underwriter's discount, amounts necessary to fund the costs and expenses of refunding the Refunded Obligations and the estimated costs of issuance of the Bonds;

(iii) the net present value savings in debt service resulting from the issuance of the Bonds shall be at least 3.0 % as shown by a table of calculations prepared by the County's financial advisor and attached to the Officer's Pricing Certificate;

(iv) the par amount of the Bonds shall not exceed \$4,250,000; and

(v) the Bonds shall not have a maturity beyond August 15, 2023.

SECTION 6. 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 Commissioners Court 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 Commissioners Court 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 7. 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 22 of this Order shall be attached or affixed to the Initial Bond.

SECTION 8. 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 22 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 9. 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 10. 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 11. 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 12. 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 12 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 13. 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 13. Each 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 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 14. 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 14 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 15. 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.

*[UNLESS OTHERWISE PROVIDED IN THE PRICING CERTIFICATE, THE DEFINITIVE BONDS ISSUED IN EXCHANGE FOR THE INITIAL BOND SHALL BE SUBJECT TO SECTIONS 16, 17 AND 18.]*

SECTION 16. 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 17 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 17. 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 18. 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 19. 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 2017 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 20. Effect of Pledge. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the taxes thereof granted by the County under Section 19 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 19 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 21. Redemption. Redemption provisions shall be set forth in the Officer's Pricing Certificate.

SECTION 22. 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 as may be necessary to conform to the terms specified in the Officer's Pricing Certificate, 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 2017

Dated Date: \_\_\_\_\_ Interest Rate: \_\_\_\_\_ Stated Maturity: \_\_\_\_\_ CUSIP No.: \_\_\_\_\_  
\_\_\_\_\_, 2017 \_\_\_\_\_%

Delivery Date: \_\_\_\_\_\*

Registered Owner: \_\_\_\_\_

\* From Officer's Pricing Certificate.

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 Delivery 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 \_\_\_\_\_ and \_\_\_\_\_ in each year, commencing \_\_\_\_\_. 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 \_\_\_\_\_ 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 Registered 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 2017, in the aggregate amount of \$\_\_\_\_\_ \* (the "Bonds"), issued for the purpose of refunding the Refunded Obligations, to restructure and level the combined debt service of the County, to provide a present value savings to the County and to pay costs of issuance, pursuant to an order adopted by the Commissioners Court on June 13, 2017 (the "Order").

[Redemption Provisions to be provided by the Officer's Pricing Certificate]

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 Registered 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 Bonds; 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

\* From Officer's Pricing Certificate.



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 [if sale is a public offering: \$5,000 or any integral multiple thereof; if sale is by a private placement: \$100,000 or any integral multiple of \$5,000 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 Registered 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

[COMMISSIONERS COURT 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.

COMPROLLER'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.

\_\_\_\_\_  
\*  
\_\_\_\_\_  
as Paying Agent/Registrar

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.

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

\_\_\_\_\_  
\* From Officer's Pricing Certificate

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

REGISTERED

No. I-1

\$ \_\_\_\_\_ \*

UNITED STATES OF AMERICA  
STATE OF TEXAS  
POLK COUNTY, TEXAS  
GENERAL OBLIGATION REFUNDING BOND  
SERIES 2017

Dated Date: \_\_\_\_\_ \*, 2017

Delivery Date: \_\_\_\_\_ \*

Registered Owner: \_\_\_\_\_ \*

Principal Amount: \_\_\_\_\_ \*

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 \_\_\_\_\_ in the years and in principal installments in accordance with the following schedule:

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
-----------------	-----------------------------	--------------------------

[information to be inserted from Officer's Pricing Certificate]

(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 Delivery 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 \_\_\_\_\_ and \_\_\_\_\_ in each year, commencing \_\_\_\_\_. Principal installments of this Bond are payable in the year of maturity or on a prepayment date to the Registered Owner hereof by \_\_\_\_\_\* (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated office in \_\_\_\_\_, \_\_\_\_\_\* (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 \_\_\_\_\_ day of the month next preceding each Interest Payment Date, and interest shall be paid by the Paying

\* From Officer's Pricing Certificate.

\*\* The Authorized Representative may revise to accommodate the type of sale and Purchaser's requirements.

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 Registered 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 23. Further Proceedings. (a) 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.

(b) [RESERVED]

SECTION 24. Sale of Bonds – Method of Sale. The sale of the Bonds authorized by this Order are to be sold by the County to the Underwriter or Purchaser in accordance with a Purchase Agreement (if in a negotiated sale) or a Notice of Sale (if in a competitive sale), the terms and provisions of which the Purchase Agreement or Notice of Sale are to be determined by the Authorized Representative, in accordance with Section 5 hereof. With regard to such terms and provisions of said Purchase Agreement or Notice of Sale, the Authorized Representative is hereby authorized to come to an agreement with the Underwriter on the following, among other matters:

1. The details of the purchase and sale of the Bonds;
2. The details of the public offering of the Bonds by the Underwriter or Purchaser;
3. The details of an Official Statement (and, if appropriate, any Preliminary Official Statement) related to the Bonds and the County's Rule 15c2-12 compliance;
4. A security deposit for the Bonds;
5. The representations and warranties of the County to the Underwriter or Purchaser;
6. The details of the delivery of, and payment for, the Bonds;

7. The Underwriter's or Purchaser's obligations under the Purchase Agreement or Notice of Sale and bid form;
8. The certain conditions to the obligations of the County under the Purchase Agreement or Notice of Sale;
9. Termination of the Purchase Agreement or Notice of Sale;
10. Particular covenants of the County;
11. The survival of representations made in the Purchase Agreement or Notice of Sale;
12. The payment of any expenses relating to the Purchase Agreement or Notice of Sale;
13. Notices; and
14. Any and all such other details that are found by the Authorized Representative to be necessary and advisable for the purchase and sale of the Bonds.

The Authorized Representative is hereby authorized and directed to execute said Purchase Agreement or Bid Form for and on behalf of the County and as the act and deed of this Commissioners Court.

SECTION 25. Reserved.

SECTION 26. 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 Registered 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 27. [RESERVED].

SECTION 28. Approval of Official Statement. The Commissioners Court hereby authorizes the County Judge or the County Auditor to approve the form and content of an Official Statement, IF ANY, relating to the Bonds and any addenda, supplement, or amendment thereto, and to approve the distribution of the Official Statement in the reoffering of the Bonds by the Underwriter OR Purchaser in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The preparation, distribution and use of a Preliminary Official Statement for the Bonds is also hereby approved.

SECTION 29. Bond Insurance. The purchase of and payment of the premium for municipal bond insurance, if any, by the County, shall be as set forth in the Officer's Pricing Certificate. 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 30. Use of Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the County, be applied to establish an escrow fund to refund the Refunded Obligations, as set forth in the report of the verification agent, 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 Obligations. Proceeds from the sale of the Bonds shall, promptly upon receipt by the County, be applied as follows:

- (a) Accrued interest, if any, 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 shall be applied to establish an escrow fund to refund the Refunded Obligations, 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 Obligations. Any proceeds of the Bonds remaining after making all such deposits and payments shall be deposited into the Interest and Sinking Fund.

SECTION 31. Escrow Agreement. The discharge and defeasance of the Refunded Obligations shall be effectuated pursuant to the terms and provisions of an Escrow Agreement to be entered into by and between the County and the Escrow Agent, which shall be substantially in the form attached hereto as Exhibit "B", the terms and provisions of which are to be approved therein, subject to such insertions, additions and modifications as shall be necessary (a) to carry out the program designed for the County by the Financial Advisor, (b) to maximize the County's present value savings and/or to minimize the County's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Obligations and (d) to carry out the other intents and purposes of this Order, and the County Judge is hereby authorized to execute and deliver such Escrow Agreement on behalf of the County in multiple counterparts and the County Clerk is hereby authorized to attest thereto and affix the seal of the Commissioners Court.

SECTION 32. Redemption/Defeasance of Refunded Obligations.

- (a) *Call*. The County hereby calls the following obligations of the County for redemption prior to maturity or defeasance to maturity on the date set forth below, at a

price of par plus accrued interest to the date fixed for redemption, and authorizes and directs notice of such redemption to be given in accordance with the order authorizing the issuance of such obligations:

<u>Obligations to be Redeemed</u>	<u>Redemption Date</u>
Certificates of Obligation, Series 2008 [Maturities to be specified in Officer's Pricing Certificate]	As specified in Officer's Pricing Certificate

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

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

SECTION 33. Refunding of Refunded Obligations. It is hereby found and determined that the refunding of the Refunded Obligations 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 Obligations.

SECTION 34. Refunding.

(a) *Purchase of Defeasance Securities.* To assure the purchase of the Escrowed Securities referred to in the Escrow Agreement, the County Auditor, in cooperation with the Escrow Agent, is hereby authorized to subscribe for, agree to purchase, and purchase Defeasance Securities, in such amounts and maturities and bearing interest at such rates as may be provided for in the Report (as defined in the Escrow Agreement), and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved.

(b) *Related Matters.* To satisfy in a timely manner all of the County's obligations under this Order and the Escrow Agreement, the County Judge, the County Clerk, the County Treasurer, the County Auditor 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 Obligations, 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 Escrow Agreement and this



Order and to direct the application of funds of the County consistent with the provisions of such Escrow Agreement and this Order.

(c) *Transfer from Interest and Sinking Funds.* On the date of delivery of and payment for the Bonds there shall be transferred from the interest and sinking fund for the Refunded Obligations to the Escrow Agent, an amount sufficient, if any, when added to the proceeds of the Bonds, to provide for the refunding of the Refunded Obligations, all as set out in the report of the verification agent.

*[FOR THE SALE OF BONDS EXCEPT THROUGH A PRIVATE PLACEMENT SECTION 35 SHALL APPLY.]*

SECTION 35. 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 Marketplace 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 2017, financial information and operating data with respect to the County that is of the general type included in the Official Statement authorized by Section 28, 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 subsection.

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 Bonds:

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 Bonds or other material events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Redemption calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, 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/paying agent/registrar or the change of name of a trustee/paying agent/registrar, if material.

(d) Limitations, Disclaimers and Advertisements. The County shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the County remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the County in any event will give the notice required by paragraph (c) of any Bond call or defeasance that causes the County to no longer be such an "obligated person."

The provisions of this Section are for the sole benefit of the Bondholders and the 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 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 the Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO BONDHOLDERS OR THE 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 35, 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 constitute a breach of or default under this 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 that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (i) 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 (ii) either (A) 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 Bondholders' 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 Bondholders and the beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the County if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering, giving effect to (x) such provisions as so amended and (y) any amendments or interpretations of the Rule. 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 paragraph (b) of this Section 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 36. Defeasance.** (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the County with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the

payment arrangements specified in subsection (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the County expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

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

(d) In the event that the County elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

SECTION 37. Order a Contract; Amendments. The Order shall constitute a contract with the Owners, from time to time, of the Bonds, binding on the County and its successors and assigns, and shall not be amended or repealed by the County as long as any Bond 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 Bonds 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 Bonds affected, no such amendment, addition, or rescission may (1) make any change in the



maturity of any of the outstanding Bonds; (2) reduce the rate of interest borne by any of the outstanding Bonds; (3) reduce the amount of the principal or maturity value of, or redemption premium, if any, payable on any outstanding Bonds; (4) modify the terms of payment or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; (5) give any preference to any Bond over any other Bond; or (6) change the minimum percentage amount of the Bonds necessary to be held by registered owners for consent to such amendment.

SECTION 38. Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the County covenants and agrees particularly that in the event the County (a) defaults in the payment of the principal, premium, if any, or interest on the Bonds; (b) defaults in the payments to be made to the Interest and Sinking Fund; or (c) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Order, the holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the County and other officers of the County to observe and perform any covenant, condition, or obligation prescribed in this Order.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall 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. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 39. Reserved.

SECTION 40. Related Matters. To satisfy in a timely manner all of the County's obligations under this Order and the Purchase Agreement or Notice of Sale and Bid, the County Judge, the County Clerk, the County Treasurer, the County Auditor 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 Obligations, 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 Purchase Agreement or Notice of Sale and Bid and this Order and to direct the application of funds of the County consistent with the provisions of this Order.

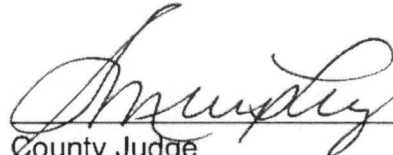
SECTION 41. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Order, against any official or employee of the County or any person executing any Bonds.



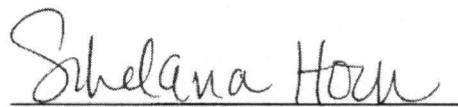
SECTION 42. Open Meeting. It is hereby officially found and determined that the meeting at which this Order was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

*[ The remainder of this page intentionally left blank. ]*

PASSED AND APPROVED this 13th day of June, 2017.

  
County Judge  
Polk County, Texas

ATTEST:

  
County Clerk  
Polk County, Texas



[COMMISSIONERS COURT SEAL]