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

AUTHORIZING THE ISSUANCE OF

**JOHNSON COUNTY, TEXAS
TAX NOTE
SERIES 2013**

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JAN 31 2014

County Clerk Johnson County
By MM Deputy

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**ORDER AUTHORIZING THE ISSUANCE AND SALE OF THE
JOHNSON COUNTY TAX NOTE, SERIES 2013,
AND ENACTING OTHER PROVISIONS RELATED THERETO**

**THE STATE OF TEXAS
JOHNSON COUNTY**

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WHEREAS, pursuant to Chapter 1431, Texas Government Code (hereinafter called the "Act"), the Commissioners Court (the "Commissioners Court") of Johnson County, Texas (the "Issuer") is authorized and empowered to issue tax anticipation notes to pay contractual obligations incurred or to be incurred (i) for the construction of any public work and (ii) for the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the Issuer's authorized needs and purposes; and

WHEREAS, in accordance with the provisions of the Act, the Commissioners Court hereby finds and determines that a series of tax notes (the "Notes" and each note, a "Note") should be issued and sold at this time to pay costs associated with purpose of paying costs associated with constructing and acquiring the Project (as hereinafter defined) and paying professional fees, including the fees of bond counsel, financial advisor, architectural costs, including preparation of plans and specifications and various other plans and drawings related to the Project, and other professional services; and

WHEREAS, the County Auditor has recommended the authorization of the Notes by the Commissioners Court for the projects described in the preceding paragraph, and the governing body of the Issuer deems it appropriate to adopt this Order and issue the Johnson County, Texas Tax Note, Series 2013 herein authorized as permitted by the Act.

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

Section 1. DEFINITIONS. Unless the context shall indicate a contrary meaning or intent, the terms below defined, for all purposes of this Order, or any Order amendatory or supplemental hereto, shall be construed, are used, and are intended to have meanings as follows:

"Act" – Chapter 1431, Texas Government Code, as amended.

"Bond Counsel" – McCall, Parkhurst & Horton L.L.P., or such other firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds selected by the Issuer.

"Business Day" – Any day that is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the State or in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close.

"Code" – The Internal Revenue Code of 1986, and any amendments thereto.

"Court" – The Commissioners Court of the Issuer.

"Issuer" – Johnson County, Texas, a political subdivision of the State.

"Note" – Each note of that series known as the "Johnson County, Texas Tax Note, Series 2013", dated as of November 1, 2013, authorized by this Order. "Notes" shall mean and include collectively the Note initially issued and delivered pursuant to this Order and all substitute Notes exchanged therefor, as well as all other substitute Notes and replacement Notes issued pursuant hereto, and the term "Notes" shall mean any of such Notes.

"Paying Agent/Registrar" – The bank, trust company, financial institution or other entity so named in accordance with the provisions of Section 5 of this Order.

"Purchaser" – The initial purchaser of the Note designated in Section 18.

"Project" – Collectively, those projects to be funded with proceeds of the Note, a description of which is attached hereto as Exhibit A.

"Registered Owner" – The registered owner of the Note from time to time as shown in the books kept by the Paying Agent/Registrar as bond registrar and transfer agent.

"Order" – This order and all amendments hereof and supplements hereto.

"State" – The State of Texas.

Section 2. RECITALS, AMOUNT AND PURPOSE OF THE NOTE. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The Note is hereby authorized to be issued and delivered in the aggregate principal amount of \$4,500,000 for the purpose of paying the costs of the Project.

Section 3. DESIGNATION, DATE, NUMBERS, AND MATURITY OF NOTE. The Note issued pursuant to this Order shall be designated: "JOHNSON COUNTY, TEXAS TAX NOTE, SERIES 2013," and there shall be issued, sold, and delivered hereunder one fully registered Note, without interest coupons, dated November 15, 2013, in the principal amount stated above, numbered R-1, with any Note issued in replacement thereof being in the denomination of the full principal amount of the series of which the Note is issued, and numbered consecutively from R-2 upward, payable to the Registered Owner thereof, or to the registered assignee of said Note (in each case, the "Registered Owner"), and said Note shall mature and be payable on November 15, 2020 but is payable in installments on the dates set forth in Exhibit B hereto.

Section 4. INTEREST. The Note shall bear interest from the date of delivery to the date of maturity at a rate of ____ % per annum. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Order.

Section 5. CHARACTERISTICS OF THE NOTE.

(a) Registration, Transfer, Conversion and Exchange; Authentication. The Issuer shall keep or cause to be kept at the office of _____, _____, Texas (the "Paying Agent/Registrar"), books or records for the registration of the transfer of the Note (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent

to keep such books or records and make such registrations of transfers under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations and transfers as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of the Note to which payments with respect to the Note shall be mailed, as herein provided; but it shall be the duty of the Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration and transfer of a substitute Note. Registration of assignments and transfers of the Note shall be made in the manner provided and with the effect stated in the FORM OF NOTE set forth in this Order. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note.

Except as provided in Section 5(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign said Note, and no such Note shall be deemed to be issued or outstanding unless such Note is so executed. The Paying Agent/Registrar promptly shall cancel a Note surrendered for transfer or the Note when paid in full. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing transfer of any Note or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Note in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of transfer of the Note as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Note, said Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note which initially was issued and delivered pursuant to this Order, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Note and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Order. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Note and shall properly and accurately record all payments on the Note on the Registration Books, and shall keep proper records of all transfers of the Note, and all replacements of the Note, as provided in this Order. However, in the event of a nonpayment of interest 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 Issuer. 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 the Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Note to be payable only to the Registered Owner thereof, (ii) may be transferred and assigned, (iii) shall have the characteristics, (iv) shall be signed, sealed, executed and authenticated, (v) the principal of and interest on the Note shall be payable, and (vi) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Note, 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 Note initially issued and delivered pursuant to this Order is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in exchange for any Note the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) Substitute Paying Agent/Registrar. The Issuer covenants with the Registered Owner of the Note that at all times while the Note is outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Note under this Order, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective not later than 20 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Note, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the 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) On the closing date, the initial Note No. R-1 representing the entire principal amount of the Note, payable to the Purchaser, executed by manual or facsimile signature of the County Judge and County Clerk of the Issuer, approved by the Attorney General of the State, and registered and manually signed by the Comptroller of Public Accounts of the State, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to the Purchaser or its designee.

Section 6. FORM OF NOTE. The form of the Note, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State to be attached to the Note initially issued and delivered pursuant to this Order, shall be, respectively, substantially as provided in Exhibit B to this Order, with such appropriate variations, omissions, or insertions as are permitted or required by this Order.

Section 7. INTEREST AND SINKING FUND. Johnson County, Texas Tax Note, Series 2013 Interest and Sinking Fund, hereinafter called the "Interest and Sinking Fund" is hereby authorized and shall be established and maintained in a depository bank of the Issuer, so long as the Note, or interest thereon, are outstanding and unpaid.

Section 8. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Notes, and the Interest and Sinking Fund shall be established and maintained by the Issuer at an official depository bank of the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Notes. All ad valorem taxes levied and collected for and on account of said Notes shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of said Notes are outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax which together with any other lawfully available funds that are on deposit in the Interest and Sinking Fund at the time of such levy will be sufficient to pay the interest on said Notes as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of such Notes as such principal matures (but never less than 2% of the original principal amount of said Notes as a Sinking Fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, 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 said Issuer for each year while any of said Notes are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Notes, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. In addition, until expended for the herein authorized purposes, the proceeds of the Notes are pledged to the payment of the principal and interest on the Notes.

Section 9. REMEDIES OF REGISTERED OWNER. In addition to all rights and remedies of any Registered Owner of the Note provided by the laws of the State, the Issuer and the Court covenant and agree that in the event the Issuer defaults in the payments of the principal of or interest on the Note when due, or fails to make the payments required by this Order, the Registered Owner of the Note shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Court and other officers of the Issuer to observe and perform any covenant, obligation or condition prescribed in this Order. No delay or omission by any Registered Owner to exercise any right or power accruing to him upon 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 or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies mentioned in this Order shall be available to the Registered Owner of the Note and shall be cumulative of all other existing remedies.

Section 10. USE OF NOTE PROCEEDS. The proceeds of the issuance of the Note shall be deposited in a special account of the Issuer and used for the purposes for which the Note is hereby authorized to be issued.

Section 11. INVESTMENTS. The Court may place proceeds of the Note (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in

investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Note will be used as soon as practicable for the purposes for which the Note are issued.

Section 12. SECURITY FOR FUNDS. All deposits authorized or required by this Order shall be secured to the fullest extent required by law for the security of public funds.

Section 13. ISSUER OFFICER'S DUTIES.

(a) The County Judge, the County Clerk and the County Auditor are hereby instructed and directed to do any and all things necessary in reference to the maintenance of the Issuer and to make money available for the payment of the Note in the manner provided by law and this Order.

(b) The County Judge and the County Clerk are authorized to execute the Certificate to which this Order is attached on behalf of the Issuer and to do any and all things proper and necessary to carry out the intent hereof.

Section 14. DEFEASANCE OF NOTE.

(a) The Note and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Note") within the meaning of this Order, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, 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 Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Note shall have become due and payable. At such time as the Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the tax 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 a Defeased Note that is made in conjunction with the payment arrangements specified in subsection 8(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Note for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Note 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 Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying

Agent/Registrar that is not required for the payment of the Note and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Note 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 14(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Note, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Note.

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

Section 15. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTE.

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

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

(d) Charge for Issuing Replacement Note. Prior to the issuance of a 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 by virtue of the fact that the Note is lost, stolen, or destroyed shall constitute a contractual obligation of the Issuer whether or not the lost, stolen, or destroyed Note shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Order.

(e) Authority for Issuing Replacement Note. In accordance with Subchapter B, Chapter 1206, Texas Government Code, this Section shall constitute authority for the issuance of any such replacement Note without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 5(a) of this Order for Note issued in conversion and exchange for other Note.

Section 16. CUSTODY, APPROVAL, AND REGISTRATION OF NOTE; BOND COUNSEL'S OPINION; ENGAGEMENT OF BOND COUNSEL; AUTHORIZATION OF ATTORNEY GENERAL REVIEW FEE. (a) The County Judge of the Issuer is hereby authorized to have control of the Note issued and delivered hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and its investigation, examination, and approval by the Attorney General of the State, and their registration by the Comptroller of Public Accounts of the State. Upon registration of the Note 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 Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's bond counsel may, at the option of the Issuer, be printed on the Note issued and delivered under this Order, but shall not have any legal effect, and shall be solely for the convenience and information of the Registered Owner of the Note. In addition, if bond insurance is obtained, the Note may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Note is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Note to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Note is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the County Judge of the Issuer and the County Judge is hereby authorized to execute such engagement letter. In addition, the execution and delivery of a professional services agreement between the Issuer and Frost Bank, with respect to services as Private Placement Agent to the Issuer, is hereby authorized in such form as is presented to the Court at the meeting at which this Order is adopted, and the County Judge is hereby authorized to execute such agreement.

(c) In accordance with the provisions of Section 1202.004, Tex. Gov't Code Ann., in connection with the submission of the Note by the Attorney General of Texas for review and approval, a statutory fee (an amount equal to 0.1% principal amount of the Note, subject to a minimum of \$750 and a maximum of \$9,500) is required to be paid to the Attorney General upon the submission of the transcript of proceedings for the Note. The Issuer hereby authorizes and

directs that a check in the amount of the Attorney General filing fee for the Note, made payable to the "Texas Attorney General," be promptly furnished to the Issuer's Bond Counsel, for payment to the Attorney General in connection with his review of the Note.

Section 17. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTES.

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

(1) to take any action to assure that no more than 10 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the Issuer, 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 Note, in contravention of section 141(b)(2) of the Code;

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

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

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

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

(6) to refrain from using any portion of the proceeds of the Note, 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 Note, other than investment property acquired with --

(A) proceeds of the Note 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 Note is issued,

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

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

(7) to otherwise restrict the use of the proceeds of the Note or amounts treated as proceeds of the Note, as may be necessary, so that the Note does 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); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Note) 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 Note has been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the Issuer 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 Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Note. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Note, the Issuer 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 Note 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 Note, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Note under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Superintendent to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, which may be permitted by the Code as are consistent with the purpose for the issuance of the Note.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 2 of this Order (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Note, or (2) the date the Note is retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Note. For purposes hereof, the issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

(g) Designation as Qualified Tax-Exempt Obligations. The Issuer hereby designates the Note as a "qualified tax-exempt obligation" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Note is issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Note, will result in more than \$10,000,000 (or such other amount permitted by such section 265 of the Code) of "qualified tax-exempt obligations" being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Note is issued, by the Issuer (or any subordinate entities) will not exceed \$10,000,000 (or such other amount permitted by such section 265 of the Code); and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Note will not be considered a "private activity bond" within the meaning of section 141 of the Code.

Section 18. SALE OF NOTE. The Note is hereby sold and shall be delivered to _____, for cash for the par value thereof, pursuant to the Private Placement Letter dated the date of the adoption of this Order. The Note shall initially be registered in the name of the Purchaser. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 19. INVESTMENT EARNINGS ON NOTE PROCEEDS. Investment earnings derived from the investment of proceeds from the sale of the Note shall be used along with other Note proceeds for the purpose for which the Note are issued set forth in Section 1 hereof; provided that after completion of such purpose, if any of such investment earnings remain on hand, such investment earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any investment earnings on Note proceeds which are required to be rebated to the United States of America pursuant to Section 17 hereof in order to prevent the Note from being arbitrage bonds shall be so rebated and not considered as investment earnings for the purposes of this Section.

Section 20. FURTHER PROCEDURES. The County Judge, the County Clerk, the County Auditor and all other officers, employees and agents of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other 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 Note and the sale of the Note. In case any officer whose signature shall appear on the 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 21. NO CONTINUING DISCLOSURE UNDERTAKING; PROVISION OF ANNUAL FINANCIAL STATEMENTS. The sale of the Note is exempt from Securities and Exchange Commission Rule 15c2-12. Consequently, the Issuer makes no undertaking with respect to such Rule or with respect to the provision of on-going financial and operating data. In consideration for the purchase of the Note, the Issuer agrees that it will provide to the Purchaser consolidated annual financial reports within six months after the end of each fiscal year of the Issuer.

Section 22. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Order subject to the following terms and conditions, to-wit:

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

(b) Except as provided in paragraph (a) above, the Registered Owner shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of the Registered Owner, nothing herein

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

- (1) Make any change in the maturity of the Note;
- (2) Reduce the rate of interest borne by the Note;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on the Note;
- (4) Modify the terms of payment of principal or of interest on the Note or impose any condition with respect to such payment; or
- (5) Change the requirement of with respect to Registered Owner consent to such amendment.

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

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Registered Owner, which instrument or instruments shall refer to the proposed amendment and which shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

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

(f) Any consent given by the Registered Owner of a Note pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the such consent and shall be conclusive and binding upon all future Registered Owner of the Note during such period. Such consent may be revoked at any time after six months from the date of said consent by the Registered Owner who gave such consent, or by a successor in title, by filing notice with the Issuer.

For the purposes of establishing ownership of the Note, the Issuer shall rely solely upon the registration of the ownership of such Note on the Registration Books kept by the Paying Agent/Registrar.

Section 23. WRITTEN PROCEDURES FOR FEDERAL TAX LAW COMPLIANCE. Unless superseded by another action of the Issuer, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Issuer hereby adopts and establishes the instructions attached hereto as Exhibit C as its written procedures.

EXHIBIT A

PROJECT DESCRIPTION

The proceeds of the Note will be applied to pay costs associated with designing, planning and acquiring computer equipment and software for various departments of the Issuer, and paying certain professional fees related to such purposes and costs incurred in connection with the issuance of the Notes.

EXHIBIT B - FORM OF NOTE

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS JOHNSON COUNTY, TEXAS TAX NOTE, SERIES 2013	PRINCIPAL AMOUNT \$4,500,000
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<u>Per Annum Interest Rate</u>	<u>Date of Initial Delivery</u>	<u>Final Maturity Date</u>
___%	November 26, 2013	November 15, 2020

REGISTERED OWNER:

PRINCIPAL AMOUNT: Four Million Five Hundred Thousand Dollars

JOHNSON COUNTY, TEXAS (the "Issuer"), being a political subdivision of the State of Texas, for value received, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, and to pay interest thereon, from the Date of Initial Delivery set forth above, on the balance of said principal amount from time to time remaining unpaid, at the interest rate per annum set forth above. The unpaid principal of this Certificate shall finally mature on the Final Maturity Date shown above, but shall be paid in installments on November 15 of the years and in the amounts set forth in the table below:

<u>Years</u>	<u>Principal Installment</u>
2014	\$ 555,000
2015	510,000
2016	405,000
2017	285,000
2018	165,000
2019	30,000
2020	2,420,000

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this Note on November 15, 2014 and on each May 15 and November 15 thereafter to the date of maturity. The last principal installment of this Note shall be paid to the registered owner hereof upon presentation and surrender of this Note at maturity, or upon the date fixed for its redemption prior to maturity, at the corporate trust office of _____, _____, Texas, which is the "Paying Agent/Registrar" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment

date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Note Order to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The Paying Agent/Registrar shall record payment information in the Note Registration Books.

ANY ACCRUED INTEREST DUE in connection with the payment of the final installment of principal of this Note shall be paid to the registered owner upon presentation and surrender of this Note for payment at the designated principal office of the Paying Agent/Registrar. The Issuer 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 Note Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Note, when due.

IF THE DATE FOR THE PAYMENT OF THIS NOTE shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated principal office of the Paying Agent/Registrar is located are authorized by law or executive order to close, 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; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE is authorized and issued pursuant to and in compliance with Chapter 1431, Texas Government Code, as amended (the "Act"), and pursuant to the Note Order in the original aggregate principal amount of \$4,500,000, dated as of November 15, 2013 for the purpose of paying costs of the Project as provided in the Note Order. The Note Order has been passed and adopted by the Commissioners Court of the Issuer and duly recorded in the minutes of the Commissioners Court, as authorized by the Constitution and laws of the State of Texas, including the Act.

ON ANY DATE ON OR AFTER NOVEMBER 15, 20__, the unpaid principal installments of this Note are subject to redemption, and may be redeemed prior to the scheduled due dates by the Issuer, in a amount of not less than \$5,000, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the date of redemption, without premium. The Issuer shall give notice of its direction to redeem the principal installments of this Note to the Paying Agent/Registrar and the registered owner of this Note no later than 15 days prior to the applicable redemption date.

THE NOTES OF THIS SERIES are issuable in the form of one fully-registered Note without coupons in the denomination of \$4,500,000 or the remaining principal amount of the outstanding Notes of this series if an exchange of a Note is made after a reduction in the principal amount of the

series by a payment of a scheduled installment of principal or as a result of redemption of part of this Note prior to maturity (the "Authorized Denomination"). As provided in the Note Order, this Note may, at the request of the registered owner or the assignee or assignees hereof, be assigned and transferred, in whole and not in part, for a like aggregate principal amount Note, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, in an Authorized Denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Note Order. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with the proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note to the assignee this Note is 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 from time to time by the registered owner. In the case of the assignment and transfer of this Note, the reasonable standard or customary fees and charges of the Paying Agent/Registrar will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment and transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

THIS NOTE shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Order until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts.

IT IS HEREBY certified, recited, and covenanted that this Note has been duly and validly authorized, issued and delivered in accordance with the provisions of the Act and the Note Order; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Note have been performed, existed and been done in accordance with law, and that this Note does not exceed any constitutional or statutory limitation; that this Note is a general obligation of said Issuer, issued on the full faith and credit thereof; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law, all as provided in the Note Order.

THE ISSUER ALSO HAS RESERVED THE RIGHT to amend the Note Order as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owner of this Note.

BY BECOMING the Registered Owner of this Note, the Registered Owner thereby acknowledges all of the terms and provisions of the Note Order, agrees to be bound by such terms

and provisions, acknowledges that the Note Order is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and provisions of this Note and the Note Order constitute a contract between each Registered Owner hereof and the Issuer.

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

Roger Harmon

(signature)

County Judge 10-28-13

ATTEST:

Betsy Williams

(signature)

County Clerk



(SEAL)

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

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

It is hereby certified that this Note has been issued under the provisions of the Note Order described on the face of this Note; and that this Note has been issued in conversion of and exchange for or replacement of a Note, notes, or a portion of a Note or notes of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated: _____

_____, Texas

By 
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____
_____ attorney to transfer the within Note on the books kept by the
paying agent/registrar for the registration and transfer of Notes, with full power of substitution in
the premises.

Dated: _____

Assignee Signature: _____

Printed Name: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the
face of the within Note in every particular.

Signature Guaranteed By:

By: _____

Title: _____

EXHIBIT C

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

These procedures, together with any federal tax certifications, provisions included in the authorizing document (the "Bond Order") with respect to the issuance and sale of Obligations (as defined below), letters of instructions and/or memoranda from bond counsel and any attachments thereto (the "Closing Documents"), are intended to assist the Issuer in complying with federal guidelines related to the issuance of any tax-exempt debt such as the Note (the "Obligations").

A. Arbitrage Compliance. Federal income tax laws generally restrict the ability to earn arbitrage in connection with the Obligations. The Responsible Person (as defined below) will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

Procedures applicable to Obligations issued for construction and acquisition purposes. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Issuer's Auditor (such officer, together with other employees of the Issuer who report to such officer, is collectively, the "Responsible Person") will:

1. Instruct the appropriate person who is primarily responsible for the construction, renovation or acquisition of the facilities financed with the Obligations (the "Project") that (i) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations are entered into within 6 months of the date of closing of the Obligations (the "Issue Date") and that (ii) the Project must proceed with due diligence;
2. Monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within 3 years of the Issue Date;
3. Monitor the yield on the investments purchased with proceeds of the Obligations and restrict the yield of such investments to the yield on the Obligations after 3 years of the Issue Date;
4. Monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund, to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period; and

5. Ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.

Procedures applicable to Obligations with a debt service reserve fund. In addition to the foregoing, if the Issuer issues Obligations that are secured by a debt service reserve fund, the Responsible Person will:

1. Assure that the maximum amount of any reserve fund for the Obligations invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date.

Procedures applicable to Escrow Accounts for Refunding Issues. In addition to the foregoing, if the Issuer issues Obligations and proceeds are deposited to an escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person will:

1. Monitor the actions of the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;
2. Contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed; and
3. Monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).

Procedures applicable to all Tax-Exempt Obligation Issues. For all issuances of Obligations, the Responsible Person will:

1. Maintain any official action of the Issuer (such as a reimbursement resolution) stating the Issuer's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
2. Ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
3. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.

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

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

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of tax-exempt Obligations, such records shall be maintained until the three (3)

years after the refunding Obligations are completely extinguished. Such records can be maintained in paper or electronic format.

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

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WRITTEN PROCEDURES
RELATING TO CONTINUING COMPLIANCE
WITH FEDERAL TAX COVENANTS

These procedures, together with any federal tax certifications, provisions included in the authorizing document (the "Bond Order") with respect to the issuance and sale of Obligations (as defined below), letters of instructions and/or memoranda from bond counsel and any attachments thereto (the "Closing Documents"), are intended to assist the Issuer in complying with federal guidelines related to the issuance of any tax-exempt debt such as the Johnson County Tax Note, Series 2013 (the "Obligations").

A. Arbitrage Compliance. Federal income tax laws generally restrict the ability to earn arbitrage in connection with the Obligations. The Responsible Person (as defined below) will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

Procedures applicable to Obligations issued for construction and acquisition purposes. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Issuer's Auditor (such officer, together with other employees of the Issuer who report to such officer, is collectively, the "Responsible Person") will:

1. Instruct the appropriate person who is primarily responsible for the construction, renovation or acquisition of the facilities financed with the Obligations (the "Project") that (i) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations are entered into within 6 months of the date of closing of the Obligations (the "Issue Date") and that (ii) the Project must proceed with due diligence;
2. Monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within 3 years of the Issue Date;
3. Monitor the yield on the investments purchased with proceeds of the Obligations and restrict the yield of such investments to the yield on the Obligations after 3 years of the Issue Date;
4. Monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund, to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period; and

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5. Ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.

Procedures applicable to Obligations with a debt service reserve fund. In addition to the foregoing, if the Issuer issues Obligations that are secured by a debt service reserve fund, the Responsible Person will:

1. Assure that the maximum amount of any reserve fund for the Obligations invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date.

Procedures applicable to Escrow Accounts for Refunding Issues. In addition to the foregoing, if the Issuer issues Obligations and proceeds are deposited to an escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person will:

1. Monitor the actions of the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;
2. Contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed; and
3. Monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).

Procedures applicable to all Tax-Exempt Obligation Issues. For all issuances of Obligations, the Responsible Person will:

1. Maintain any official action of the Issuer (such as a reimbursement resolution) stating the Issuer's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
2. Ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
3. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired.

✓

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

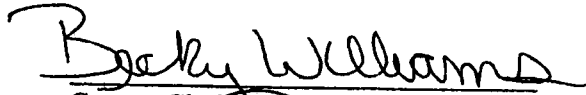
1. Develop procedures or a "tracking system" to identify all property financed with tax-exempt debt;
2. Monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended;
3. Monitor and record whether, at any time the Obligations are outstanding,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


C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of tax-exempt Obligations, such records shall be maintained until the three (3) years after the refunding Obligations are completely extinguished. Such records can be maintained in paper or electronic format.

✓

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

SIGNED AND SEALED the 28th day of October, 2013.


County Clerk


County Judge

(SEAL)

NO. R-1

UNITED STATES OF AMERICA
STATE OF TEXAS
JOHNSON COUNTY, TEXAS
TAX NOTE, SERIES 2013

*Not part
of filed
order*

<u>Per Annum Interest Rate</u>	<u>Date of Initial Delivery</u>	<u>Fi</u>
1.82%	November 26, 2013	

REGISTERED OWNER: The American National Bank of Texas

PRINCIPAL AMOUNT: Four Million Three Hundred Twenty Thousand Dollars

JOHNSON COUNTY, TEXAS (the "Issuer"), being a political subdivision of the State of Texas, for value received, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns, the principal amount specified above, and to pay interest thereon, from the Date of Initial Delivery set forth above, on the balance of said principal amount from time to time remaining unpaid at the interest rate per annum set forth above. The unpaid principal of this Certificate shall finally mature on the Final Maturity Date shown above, but shall be paid in installments on May 15 of the years and in the amounts set forth in the table below:

<u>Years</u>	<u>Principal Installment</u>
2014	565,000
2015	510,000
2016	405,000
2017	285,000
2018	160,000
	30,000
2020	2,415,000

THE PRINCIPAL AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America without exchange or collection charges. The Issuer shall pay interest on this Note on November 15, 2014 and on each May 15 and November 15 thereafter to the date of maturity. The last principal installment of this Note shall be paid to the registered owner hereof upon presentation and surrender of this Note at maturity, or upon the date fixed for its redemption prior to maturity, at the corporate trust office of The American National Bank of Texas, Rockwall, Texas, which is the "Paying Agent/Registrar" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the Note Order to be on deposit with the Paying Agent/Registrar for such

purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of the registered owner. The Paying Agent/Registrar shall record payment information in the Registration Books.

ANY ACCRUED INTEREST DUE in connection with the payment of any installment of principal of this Note shall be paid to the registered owner upon presentation and surrender of this Note for payment at the designated principal office of the Paying Agent/Registrar. The Issuer 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 Sinking Fund" created by the Note Order, the amounts required to provide for the payment of immediately available funds, of all principal of and interest on the Note, when due.

IF THE DATE FOR THE PAYMENT OF INTEREST OR PRINCIPAL shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the State where the designated principal office of the Paying Agent/Registrar is located are authorized by law or by executive order to close, 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, and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS NOTE is authorized and issued pursuant to and in compliance with Chapter 1431, Texas Government Code as amended (the "Act") and pursuant to the Note Order in the original aggregate principal amount of \$4,370,000, dated and made on November 15, 2013 for the purpose of paying costs and expenses as provided in the Note Order. The Note Order has been passed and adopted by the Commissioners Court of the State of Texas and is hereby recorded in the minutes of the Commissioners Court, as authorized by the Constitution and laws of the State of Texas, including the Act.

ON ANY DATE BEFORE OR AFTER NOVEMBER 15, 2015, the unpaid principal installments of this Note are subject to redemption, and may be redeemed prior to the scheduled due dates by the Issuer, in a amount of not less than \$5,000, at a redemption price equal to the principal amount of the principal to be redeemed plus accrued interest thereon to the date of redemption, without premium. The Issuer shall give notice of its direction to redeem the principal installments of this Note to the Paying Agent/Registrar and the registered owner of this Note no later than 15 days prior to the applicable redemption date.

THE NOTES OF THIS SERIES are issuable in the form of one fully-registered Note without coupons in the denomination of \$4,370,000 or the remaining principal amount of the outstanding Notes of this series if an exchange of a Note is made after a reduction in the principal amount of the series by a payment of a scheduled installment of principal (the "Authorized Denomination"). As

provided in the Note Order, this Note may, at the request of the registered owner or the assignee or assignees hereof, be assigned and transferred, in whole and not in part, for a like aggregate principal amount Note, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, in an Authorized Denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Note Order. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with the proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note to the assignee this Note 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 from time to time by the registered owner. In the case of assignment and transfer of this Note, the reasonable standard or customary fees and charges of the Paying Agent/Registrar will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting assignment and transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following Record Date or interest payment date.

THIS NOTE shall not become obligatory for any purpose or be entitled to any security or benefit under the Note Order until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts.

IT IS HEREBY certified, recited, and covenanted that this Note has been duly and validly authorized, issued and delivered in accordance with the provisions of the Act and the Note Order; that all acts, conditions and things required or provided to be performed, exist and be done precedent to and in connection with the issuance and delivery of this Note have been performed, existed and been done in accordance with law; that this Note does not exceed any constitutional or statutory limitation; that this Note is a general obligation of said Issuer, issued on the full faith and credit hereof; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limits prescribed by law, all as provided in the Note Order.

THE ISSUER AND HAS RESERVED THE RIGHT to amend the Note Order as provided therein and under some (but not all) circumstances amendments thereto must be approved by the Registrar of this Note.

BY BECOMING the Registered Owner of this Note, the Registered Owner thereby acknowledges all of the terms and provisions of the Note Order, agrees to be bound by such terms and provisions, acknowledges that the Note Order is duly recorded and available for inspection in the official minutes and records of the governing body of the Issuer, and agrees that the terms and

provisions of this Note and the Note Order constitute a contract between each Registered Owner hereof and the Issuer.

IN WITNESS WHEREOF, the Issuer has caused this Note to be signed by the manual or facsimile signature of the County Judge of the Issuer and attested by the manual or facsimile signature of the County Clerk of the Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Note.


County Judge

ATTEST


County Clerk



COPY

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. 82662

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

Witness my signature and seal this

NOV 18 2013


Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

COPY

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

It is hereby certified that this Note has been issued under the provisions of the Note Order described on the face of this Note; and that this Note has been issued in conversion and exchange for or replacement of a Note, notes, or a portion of a Note or notes of an issue which originally was approved by the Attorney General of the State of Texas and registered with the Comptroller of Public Accounts of the State of Texas.

Dated: _____

The _____ National Bank of _____
_____ Texas

By _____
Authorized Representative

COPY

ASSIGNMENT

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

Print or Type Name, Address and Social Security Number
or other Taxpayer Identification Number of Transferee

the within Note and all rights thereunder, and hereby irrevocably and assigns _____
_____ attorney to transfer the within Note _____ kept by the
paying agent/registrar for the registration and transfer of Notes, with full power of substitution in the
premises.

Dated: _____

Assignee Signature: _____

Printed Name: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the
face of the within Note in _____

Signature Guaranteed By: _____

By: _____

Name: _____