

CERTIFICATE FOR ORDER

STATE OF TEXAS
COUNTY OF JOHNSON

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

1. The Commissioners Court convened in REGULAR MEETING ON THE 24TH DAY OF April, 2017, at the regular designated meeting place, and the roll was called of the duly constituted officers and members of Commissioners Court, to wit:

Roger Harmon, County Judge
Rick Bailey, Commissioner
Kenny Howell, Commissioner
Jerry Stringer, Commissioner
Larry Woolley, Commissioner

Becky Ivey , County Clerk

and all of said members of the Court were present, thus constituting a quorum. Whereupon, among other business the following was transacted at said Meeting: a written

ORDER AUTHORIZING THE ISSUANCE AND SALE OF THE JOHNSON COUNTY GENERAL OBLIGATION REFUNDING BOND, SERIES 2017, AND ENACTING OTHER PROVISIONS RELATED THERETO

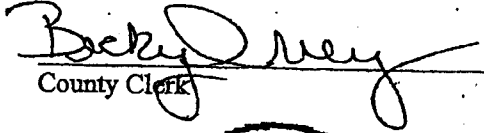
was duly introduced for the consideration of Commissioners Court. It was then duly moved and seconded that said Order be passed; and, after due discussion, said motion, carrying with it the passage of said Order, prevailed and carried by the following vote: All members of Commissioners Court shown present above voted "Aye," except as noted below:

NOES: None

ABSTENTIONS: None

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

SIGNED and SEALED this the 24th day of April, 2017


County Clerk


County Judge

(SEAL)



ORDER
OF THE
COMMISSIONERS COURT
OF
JOHNSON COUNTY, TEXAS

AUTHORIZING THE ISSUANCE OF

JOHNSON COUNTY, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 2017

TABLE OF CONTENTS

Section 1. Recitals, Amount and Purpose of the Bond.....	2
Section 2. Designation, Date, Denomination, Number, and Maturity and Interest Rate of Bond.....	2
Section 3. Characteristics of the Bond.	2
Section 4. Form of Bond.....	5
Section 5. Interest and Sinking Fund.	11
Section 6. Defeasance of Bond.....	11
Section 7. Damaged, Mutilated, Lost, Stolen, or Destroyed Bond.....	12
Section 8. Custody, Approval, and Registration of Bond; Bond Counsel's Opinion; Engagement of Bond Counsel.	13
Section 9. Covenants Regarding Tax Exemption of Interest on the Bond.	14
Section 10. Sale of Bond.....	17
Section 11. Further Procedures.....	17
Section 12. No Rule 15c2-12 Undertaking; Provision of Financial Information.	17
Section 13. Method of Amendment.	17
Section 14. Default and Remedies.	19
Section 15. Approval of Paying Agent Deposit Agreement.....	20
Section 16. Redemption of Refunded Obligations.....	20
Section 17. Appropriation.....	20
Section 18. Severability.	20
Schedule I Schedule of Refunded Obligations.....	21

ORDER AUTHORIZING THE ISSUANCE AND SALE OF JOHNSON COUNTY, TEXAS, GENERAL OBLIGATION REFUNDING BOND, SERIES 2017, FOR REFUNDING CERTAIN OUTSTANDING OBLIGATIONS OF THE COUNTY; CALLING SAID OUTSTANDING OBLIGATIONS FOR REDEMPTION PRIOR TO MATURITY; LEVYING AN ANNUAL AD VALOREM TAX FOR THE SECURITY FOR AND PAYMENT OF SAID BOND; AUTHORIZING A PAYING AGENT/REGISTRAR AGREEMENT AND AN ENGAGEMENT LETTER OF BOND COUNSEL; AND AUTHORIZING OTHER MATTERS INCIDENT AND RELATING TO THE ISSUANCE, PAYMENT, SECURITY, SALE, AND DELIVERY OF SAID BOND

THE STATE OF TEXAS
JOHNSON COUNTY

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WHEREAS, Johnson County, Texas (the "Issuer") has previously issued, and there are presently outstanding, obligations of the Issuer payable from a pledge by the Issuer to levy ad valorem taxes sufficient to pay principal of and interest on such obligations as they become due;

WHEREAS, certain of such previously issued and outstanding obligations are intended to be and shall be refunded pursuant to this Order, the obligations to be refunded being described in Schedule I attached hereto and incorporated herein (collectively, the "Refunded Obligations");

WHEREAS, Chapter 1207, Texas Government Code ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Obligations, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations;

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow or similar agreement with any such paying agent or trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent or trust company or commercial bank may agree;

WHEREAS, the Commissioners Court hereby finds and declares a public purpose and it is in the best interests of the Issuer to refund the Refunded Obligations in order to obtain debt serviced savings for the Issuer, and that such refunding will result in a present value debt service savings of approximately \$243,486.47 and an actual debt service savings of approximately \$252,185.68 to the Issuer;

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the bond hereinafter authorized;

WHEREAS, the bond hereafter authorized is being issued and delivered pursuant to said Chapter 1207, Texas Government Code; and

WHEREAS, It is officially found, determined, and declared that the meeting at which this Order has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Order, was given, all as required by the applicable provisions of Tex. Gov't Code Ann. ch. 551; Now, Therefore

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BOND. 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 bond of Johnson County, Texas (the "Issuer") is hereby authorized to be issued and delivered in the aggregate principal amount of \$6,425,000 for the public purpose of refunding the Refunded Obligations, and to pay the costs incurred in connection with the issuance of the Bond.

Section 2. DESIGNATION, DATE, DENOMINATION, NUMBER, AND MATURITY AND INTEREST RATE OF BOND. Each bond issued pursuant to this Order shall be designated: "JOHNSON COUNTY, TEXAS, GENERAL OBLIGATION REFUNDING BOND, SERIES 2017," and there shall be issued, sold, and delivered hereunder one fully registered bond, without interest coupons, dated May 1, 2017, in the denomination and principal amount of \$6,425,000 or the remaining principal amount of the outstanding Bond of this series if an exchange of a Bond is made after a reduction in the principal amount of the series, either by a payment of a scheduled installment of principal or as a result of redemption of part of the Bond prior to the maturity date, numbered R-1, with any bond issued in replacement thereof being in the denomination of the full principal amount of the series of which the bond is issued (the "Authorized Denomination"). Bonds issued in exchange for Bond R-1 shall be numbered consecutively from R-2 upward. Each Bond issued in accordance with this Order shall be payable in installments to the registered owner thereof, or to the registered assignee of said Bond (in each case, the "Registered Owner"). Principal of said Bond shall mature and be payable in installments on the dates and in the amounts stated in the FORM OF BOND set forth in this Order. The Bond shall bear interest on the unpaid balance of the principal amount thereof from the date of delivery to the scheduled due date, or date of prepayment or redemption prior to the scheduled due date, of the principal installments of the Bond at the rates per annum specified in the FORM OF BOND set forth in this Order, with such interest being payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Order.

The term "Bond" as used in this Order shall mean and include collectively the bond initially issued and delivered pursuant to this Order and any substitute bond exchanged therefor, as well as any other substitute or replacement bond issued pursuant hereto, and the term "Bond" shall mean any such bond.

Section 3. CHARACTERISTICS OF THE BOND.

(a) Registration. The Issuer shall keep or cause to be kept at the principal corporate trust office of First National Bank Texas, in Killeen, Texas (the "Paying Agent/Registrar"), books or records for the registration of the transfer and exchange of the Bond (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 and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bond shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. 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, transfer, exchange and delivery of a substitute Bond. Registration of assignments, transfers and exchanges of a Bond shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Order. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

(b) Transfer and Exchange; Authentication. Except as provided in Section 3(f) of this Order, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so authenticated. The Paying Agent/Registrar promptly shall cancel any Bond surrendered for exchange. 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 conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of a substitute Bond in the manner prescribed herein. Pursuant to Chapter 1201, Government Code, as amended, the duty of transfer of a Bond as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bond that initially was issued and delivered pursuant to this Order, approved by the Attorney General and registered by the Comptroller of Public Accounts. The Bond may be transferred in whole, but not in part.

(c) Payment of Bond 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 Bond, 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 Bond, shall properly and accurately record all payments on the Bond on the Registration Books, and shall keep proper records of all exchanges of Bonds, and all replacements of Bonds, 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. Notwithstanding the foregoing, any such nonpayment of interest shall constitute an Event of Default as defined in Section 14 of this Order. Notice of the past due interest 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.

(d) In General. The Bond (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bond to be payable only to the Registered Owner thereof, (ii) may and shall be prepaid or redeemed prior to its scheduled maturity (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 30 days prior to any such redemption date), (iii) may be exchanged for another Bond, (iv) may be transferred and assigned in whole but not in part, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bond shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bond, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Order.

(e) Paying Agent/Registrar. The Issuer covenants with the Registered Owner of the Bond that at all times while the Bond is outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bond 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 20 days written notice to the Paying Agent/Registrar, to be effective not later than 15 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 Bond, 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 Bond, 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.

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

certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(g) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bond, payable in stated installments to the purchaser designated in Section 10 or its designee, executed by manual or facsimile signature of the County Judge and County Clerk of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to such purchaser or its designee.

(h) Limitations on Bond Form and Transfer. The Bond or any bond issued in exchange therefore shall be issued in physical form in the Authorized Denomination, and may be transferred in whole, but not in part. The Bond shall not be made subject to a book-entry system of registration or transfer. The Bond shall not receive a CUSIP number.

Section 4. FORM OF BOND. The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bond initially issued and delivered pursuant to this Order, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Order.

(a) [Form of Bond]

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS JOHNSON COUNTY, TEXAS GENERAL OBLIGATION REFUNDING BOND SERIES 2017	PRINCIPAL AMOUNT \$ _____
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Interest Rate	Delivery Date
1.269% per annum	May 24, 2017

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

JOHNSON COUNTY, TEXAS (the "Issuer"), being a political subdivision of the State of Texas, 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 Delivery Date 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

Bond shall finally mature on February 15, 2020, but shall be paid in installments on the dates and in the amounts set forth in the table below:

<u>Payment Date</u>	<u>Principal Installment</u>
August 15, 2017	\$ 110,000
February 15, 2018	1,945,000
February 15, 2019	2,105,000
February 15, 2020	2,265,000

THE PRINCIPAL OF AND INTEREST ON THIS BOND are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this Bond on August 15, 2017 and on each and February 15 and August 15 thereafter to the date of maturity or redemption prior to maturity. The last principal installment and interest payment of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal office of First National Bank Texas, in Killeen, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of all other principal installments of and interest on this Bond 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 Bond 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 business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In 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.

ANY ACCRUED INTEREST due in connection with the final installment of principal of this Bond or upon redemption of this Bond in whole at the option of the Issuer prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bond, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust 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 that 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 BOND is dated as of May 1, 2017, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$6,425,000 for the public purpose of refunding certain outstanding obligations of the Issuer, and to pay the costs incurred in connection with the issuance of the Bond.

ON ANY DATE, the principal installments of this Bond may be redeemed prior to their scheduled payment dates, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular principal installments or portions thereof, to be redeemed shall be selected and designated by the Issuer, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

AT LEAST 15 days prior to the date fixed for any optional redemption of the Bond or portions thereof prior to final maturity a written notice of such redemption shall be sent by the Issuer to the Registered Owner by United States mail, first-class postage prepaid; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of this Bond. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bond or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Bond or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled payment date, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

UPON THE PREPAYMENT or partial redemption of this Bond, the Paying Agent/Registrar, shall note in the Prepayment Record appearing on this Bond the amount of such prepayment, the date said payment was made and the remaining unpaid principal balance of this Bond and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Bond Registration Books, and the Paying Agent/Registrar shall also record in the Bond Registration Books all payments of principal installments on such Bond when made on their respective due dates.

THIS BOND is issuable in the form of one fully-registered Bond without coupons in the denomination of \$6,425,000 or the remaining principal amount of the outstanding Bond of this series if an exchange of a Bond is made after a reduction in the principal amount of the series, either by a payment of a scheduled installment of principal or as a result of redemption of part of the Bond prior to the maturity date. This Bond may be transferred or exchanged in whole, but not in part, as provided in the Bond Order, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent/Registrar upon surrender of this Bond together with a written instrument of transfer or authorization for exchange satisfactory to the Paying

Agent/Registrar and duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond of the same maturity and in the same aggregate principal amount shall be issued by the Paying Agent/Registrar to the transferee in exchange therefor as provided in the Bond Order, and upon payment of the charges therein prescribed. The Issuer and the Paying Agent/Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Paying Agent/Registrar shall not be required to make any such transfer or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) within 30 days prior to a redemption date.

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

THIS BOND shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond 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 Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law, all as provided in the Bond Order.

THE ISSUER HAS RESERVED THE RIGHT to amend the Bond Order as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owner of the Bond.

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

IN WITNESS WHEREOF, the Issuer has caused this Bond to be signed with the manual or facsimile signature of the County Judge of the Issuer and countersigned with 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 Bond.

 (signature) County Clerk (signature) County Judge

(SEAL)

(b) [Form of Prepayment Record]

PREPAYMENT RECORD

Date of Payment	Principal Prepayment (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer making Entry	Signature of Authorized Officer
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
 (To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated: _____

First National Bank Texas
 Killeen, Texas

Paying Agent/Registrar

By: _____
Authorized Representative

(d) [Form of Assignment]

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification Number of Transferee

(Please print or typewrite name and address, including zip code, of Transferee.)

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

Dated: _____

Signature Guaranteed:

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

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

(e) [Form of Registration Certificate of the Comptroller of Public Accounts]

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

Section 5. INTEREST AND SINKING FUND.

(a) A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer at an official depository bank of the Issuer. Said 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 Bond. All ad valorem taxes levied and collected for and on account of the Bond shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any part of the Bond is outstanding and unpaid, the governing body of the Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on the Bond as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bond as such principal matures (but never less than 2% of the original amount of the Bond as a sinking fund each year); and the tax shall be based on the latest approved tax rolls of the Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the Issuer, for each year while the Bond are outstanding and unpaid, and the 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 the Bond, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) Article 1208, Government Code, applies to the issuance of the Bond and the pledge of the taxes granted by the Issuer under this Section, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Bond is outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the Registered Owner of the Bond a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 6. DEFEASANCE OF BOND.

(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 Issuer with the Paying

Agent/Registrar for the payment of its services until the Defeased Bond shall have become due and payable, and thereafter the Issuer will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. 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 a Defeased Bond that is made in conjunction with the payment arrangements specified in subsection 6(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 Bond for redemption; (2) gives notice of the reservation of that right to the Registered Owner of the Defeased Bond 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 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 Bond 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 a Defeased Bond 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 6(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 Bond, 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 Bond.

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

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BOND.

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

(b) Application for Replacement Bond. Application for replacement of a damaged, mutilated, lost, stolen or destroyed Bond shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft or destruction of a Bond, the Registered Owner applying for a replacement Bond shall furnish to the 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 Bond, 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 Bond, as the case may be. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

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

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

(e) Authority for Issuing Replacement Bond. In accordance with Sec. 1206.022, Government Code, this Section 7 of this Order shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such Bond is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bond in the form and manner and with the effect, as provided in Section 3(a) of this Order for a Bond issued in conversion and exchange for another Bond.

Section 8. CUSTODY, APPROVAL, AND REGISTRATION OF BOND; BOND COUNSEL'S OPINION; ENGAGEMENT OF BOND COUNSEL.

(a) The County Judge of the Issuer is hereby authorized to have control of the Bond initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bond pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bond, 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 the Bond, and the seal of the Comptroller shall be impressed, or placed in facsimile, on the Bond. The approving legal opinion of the Issuer's Bond Counsel may, at the option of the Issuer, be printed on the Bond issued and delivered under this Order, but shall have no legal effect, and shall be solely for the convenience and information of the Registered Owner of the Bond.

(b) The obligation of the initial purchaser to accept delivery of the Bond 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 Bond to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Bond 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, and the County Judge is hereby authorized to execute such engagement letter.

(c) In accordance with the provisions of Section 1202.004, Tex. Gov't Code Ann., in connection with the submission of the Bond by the Attorney General of Texas for review and approval, a statutory fee (an amount equal to 0.1% principal amount of the Bond, 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 Bond. The Issuer hereby authorizes and directs that a check in the amount of the Attorney General filing fee for the Bond, 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 Bond.

Section 9. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BOND.

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bond 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 Bond (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 Bond, 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 Bond 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" that 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 that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bond (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 that would otherwise result in the Bond 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 Bond 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 Bond, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bond, other than investment property acquired with –

(A) proceeds of the Bond invested for a reasonable temporary period of 3 years or less or, in the case of an advance refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bond is issued, and in the case of a current refunding bond, for a period of 90 days or less,

(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 Bond;

(7) to otherwise restrict the use of the proceeds of the Bond or amounts treated as proceeds of the Bond, as may be necessary, so that the Bond 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 Bond) 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 Bond 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 (a)(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) Use of Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations (hereinafter defined) 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 Bond. 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 (the "Treasury Regulations"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bond, 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 Bond under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bond, 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 Bond under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the County Judge to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bond.

(d) Disposition of Projects. The Issuer covenants that the property financed or refinanced with the proceeds of the Refunded Bonds will not be sold or otherwise disposed of in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the 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.

(e) Designation as Qualified Tax-Exempt Obligations. The Issuer hereby designates the Bond 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 Bond is issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Bond, 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 Bond 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 Bond will not be considered a "private activity bond" within the meaning of section 141 of the Code.

Section 10. SALE OF BOND. The Bond is hereby initially sold and shall be delivered to First National Bank Texas, Killeen, Texas (the "Purchaser"), for cash for the par value thereof, pursuant to the private placement letter dated the date of the final passage of this Order which the County Judge is hereby authorized to execute and deliver. The Bond 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 11. FURTHER PROCEDURES. The County Judge, County Treasurer, County Auditor and County Clerk 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 Bond and the sale of the Bond. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. In addition, such officers of the Issuer are hereby authorized to purchase such securities with proceeds of the Bond, including, without limitation, to execute such subscriptions for the purchase of the United States Treasury Securities State and Local Government Series or other United States Treasury or United States Agency securities that may be purchased in the open market, and to transfer and deposit such cash from available funds, as may be necessary or appropriate for the payment fund described in the Paying Agent Deposit Agreement, which is authorized in Section 15 hereof.

Section 12. NO RULE 15c2-12 UNDERTAKING; PROVISION OF FINANCIAL INFORMATION. (a) The offering of the Bond is exempt from Rule 15c2-12 of the Securities and Exchange Commission (the "Rule") by virtue of the private placement exemption set forth in the Rule. The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Bond.

(b) In consideration for the purchase of the Bond by the Purchaser, the Issuer agrees to provide the Purchaser with its most recent audited annual financial statements and any other publically available financial information regarding the Issuer that the Purchaser may reasonably request from time to time.

Section 13. 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 in order to (i) cure any ambiguity, defect or omission in this Order that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Order and that shall not materially adversely affect the interests of the holders, (iv) qualify this Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Order as shall not be inconsistent with the provisions of this Order and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(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 in the Bond so as to:

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

(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 Bond 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 of the Bond, which instrument or instruments shall refer to the proposed amendment and that 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 of the Bond

shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

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

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

Section 14. DEFAULT AND REMEDIES.

(a) Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on the Bond when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the Registered Owner of the Bond, including, but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of 60 days after notice of such default is given by the Registered Owner to the Issuer.

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

(c) Remedies Not Exclusive.

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

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

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

Section 15. APPROVAL OF PAYING AGENT DEPOSIT AGREEMENT. The County Judge or County Auditor of the Issuer is hereby authorized and directed to execute and deliver the Paying Agent Deposit Agreement with The Bank of New York Mellon Trust Company, N.A. with respect to the Issuer's Refunded Obligations as shown in Schedule I, in substantially the form presented at this meeting. The County Judge or County Auditor of the Issuer is hereby authorized to transfer and deposit cash from available funds, as may be necessary or appropriate to fund the payment fund described in the Paying Agent Deposit Agreement.

Section 16. REDEMPTION OF REFUNDED OBLIGATIONS.

(a) The Issuer hereby directs that the Refunded Obligations be called for redemption on the dates and as set forth on Schedule I. Each of such Refunded Obligations shall be redeemed at the redemption price of par plus accrued interest.

(b) The paying agent/registrar for the Refunded Obligations is hereby directed to provide the appropriate notice of redemption as required by the Refunded Obligations, and is hereby directed to make appropriate arrangements so that the Refunded Obligations may be redeemed on the applicable redemption date.

(c) The source of funds for payment of the principal of and interest on the Refunded Obligations on their respective redemption dates shall be from the funds placed in escrow with the paying agent for the Refunded Obligations, pursuant to the Paying Agent Deposit Agreement approved in Section 15 of this Order.

Section 17. APPROPRIATION. To pay the debt service coming due on the Bond on August 15, 2017, prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 18. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Order, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Order, despite such invalidity, which remaining portions shall remain in full force and effect.

SCHEDULE I

Schedule of Refunded Obligations

Description	Maturity Date (Feb. 15)	Principal Amount*
Johnson County General Obligation Refunding Bonds, Series 2007	2018	\$1,880,000
	2019	2,090,000
	2020	<u>2,315,000</u>
<u>Total</u>		<u>\$6,285,000</u>

* Called for redemption on May 31, 2017, at the price of par plus accrued interest to the date of redemption.

April 24, 2017

The Honorable County Judge of Johnson County
and Members of the Commissioners Court of Johnson County
Johnson County Courthouse
2 N. Main Street
Cleburne, Texas 76031

Re: Johnson County, Texas General Obligation Refunding Bonds, Series 2017

Gentlemen:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to Johnson County, Texas (the "Issuer") in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of refunding up to \$6,285,000 in aggregate principal amount of the Issuer's General Obligation Refunding Bonds, Series 2007 (the "Refunded Bonds"). We also understand that the Bonds will be secured by a pledge of an ad valorem tax levied by the Issuer within the limit prescribed by law, which is the Issuer's constitutional tax not to exceed \$.80 per \$100 of taxable assessed valuation in any year. We further understand that the Bonds will be authorized to be issued and sold by the Commissioners Court of the Issuer (the "Court") in accordance with an order (the "Order") adopted on the date hereof (hereinafter, the "Sale Date"). In accordance with the Order, the Court will approve the sale of the Bonds by private placement to First National Bank Texas (the "Purchaser").

A. THE FINANCING

As Bond Counsel to the Issuer, we would like for the Court to understand how the issuance of the Bonds will be effected and the ramifications of the financing. I will briefly describe the procedures and certain applicable law that pertains to the issuance of the Bonds, below. However, you should feel free to call me at any time to discuss any questions that you or your staff may have.

- (1) The Bonds are being issued to provide debt service savings with respect to the Issuer's future debt service payments. You should discuss the full impact of the debt service restructuring with FirstSouthwest, a Division of Hilltop Securities Inc., your financial advisor.
- (2) The Bonds will be "ordered to be issued" when and if the Court approves the Order. The Order authorizes the issuance and sale of the Bonds. Among the matters approved in the Order are: (i) the terms of the Bonds, including the principal amortization schedule and interest rates; (ii) the Issuer's commitment to levy a tax each year in an amount sufficient to pay the debt service on the Bonds; (iii) the sale of the Bonds to the Purchaser; (iv) the approval of this engagement letter; (v) approval of a paying agent agreement to whom you will make semiannual payments sufficient to pay the debt service on the Bonds; (vi) instructions to the paying agent for the Refunded Bonds to give notice to the holders of the Refunded Bonds that they are being called for redemption; (vii) approval of an deposit

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agreement whereby the proceeds of the Bonds will be used to pay the debt service on the Refunded Bonds; and (viii) certain other covenants of the Issuer that are designed to allow the Issuer to issue the Bonds as tax-exempt obligations. As you can see from the foregoing description, the Order is an omnibus undertaking of the Issuer that is intended to provide for all actions and undertakings that are required for the issuance of the Bonds. There will be other certificates and letters that will be required to be executed by officers of the Issuer on the Sale Date, but they all spring from, and are authorized by, the Order.

- (3) As noted above, the Bonds will be sold to the Purchaser in accordance with the provisions of the Order and, in addition, the Purchaser will want the Issuer to sign an Investment Letter on the Sale Date that will set forth the terms of the sale of the Bonds. The Investment Letter will require the Issuer to certify at closing that it is authorized to issue the Bonds and that it has made full disclosure to the Purchaser of all material information concerning the loan evidenced by the Bonds. Therefore, if there are any unusual financial or legal circumstances affecting the Issuer that could be material to the Purchaser, you should let the Purchaser, your financial advisor and/or the undersigned know about them as soon as possible. As a condition to the Purchaser's payment for the Bonds, the Purchaser will require this firm to deliver our Bond Counsel opinion to them, in which we will opine that the Bonds are valid obligations of the Issuer and that, assuming ongoing compliance by the Issuer with the provisions of the Order, the interest on the Bonds will be exempt from federal income taxation. The Investment Letter will also require the delivery of an opinion of the Texas Attorney General approving the Bonds, as is required by State law.

B. SCOPE OF ENGAGEMENT

In this engagement, we have performed, or expect to perform, the following duties:

- (1) Subject to the completion of proceedings to our satisfaction, render our legal opinion (the "Bond Opinion"), regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes.
- (2) Prepare and review documents necessary or appropriate to the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.
- (3) Assist the Issuer in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance and delivery of the Bonds, except that we will not be responsible for any required federal or state securities law filings. In this connection, we particularly undertake to assist the Issuer in having the Bonds approved by the Public Finance Division of the Office of the Texas Attorney General, and, following such approval, registered by the Texas Comptroller of Public Accounts.
- (4) Review legal issues relating to the structure of the Bond issue.
- (5) If requested, assist the Issuer in presenting information to bond rating organizations relating to legal issues affecting the issuance of the Bonds.

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Our Bond Opinion will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing"). The Issuer will be entitled to rely on our Bond Opinion.

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the Issuer to cooperate with us in this regard. Our Bond Opinion will represent the our legal judgment based upon our review of existing law and the reliance on the aforementioned information, as well as other representations and covenants of the Issuer. The Bond Counsel opinion is not a guarantee of a result. Applicable law pertaining to the Bond Opinion is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such applicable law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds. As Bond Counsel to the Issuer, we are not being retained to monitor compliance with the requirements of applicable law subsequent to the issuance of the Bonds, but we will provide advice to the Issuer following the issuance of the Bonds, which advice will be based on post-issuance information (if any) provided to us by the Issuer.

Our duties in this engagement are limited to those expressly set forth above. Unless we are separately engaged in writing to perform other services, our duties do not include any other services, including the following:

- (1) Except as described in sections A and B above, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking, or, in connection with the issuance of the Bonds, performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- (2) Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- (3) Preparing state securities law memoranda or investment surveys with respect to the Bonds.
- (4) Drafting state constitutional or legislative amendments.
- (5) Pursuing test cases or other litigation.

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- (6) Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- (7) Representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- (8) After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- (9) Negotiating the terms of, or opining as to, any investment contract.
- (10) Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We further assume that all other parties in this transaction understand that we represent only the Issuer in this transaction, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Form 8038, prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

CONFLICTS

As you are aware, our firm represents many political subdivisions and investment banking firms, among others, who do business with political subdivisions. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution of this letter will signify the Issuer's consent to our representation of others consistent with the circumstances described in this paragraph.



FIRM NOT A MUNICIPAL ADVISOR

As a consequence of the adoption of Rule 15Ba1-1 pursuant to the Securities Exchange Act of 1934 (the "Municipal Advisor Rule"), which has been promulgated by the Securities and Exchange Commission as a result of the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), we hereby inform the Issuer that we are not a "Municipal Advisor" within the meaning of the Municipal Advisor Rule or the Dodd-Frank Act (collectively, the "MA Rule"). In the course of performing our services as Bond Counsel in this transaction, we may engage in analysis, discussion, negotiation, and advice to the Issuer regarding the legal ramifications of the structure, timing, terms, and other provisions of the financial transaction that culminates with the planned issuance of the Bonds, and such services and advice may be essential to the development of the plan of finance for the issuance of the Bonds. In turn, these services become, among other things, the basis for the transaction's basic legal documents, the preparation and delivery of the official statement or any other disclosure document that describes the material terms and provisions of the transaction, if an offering document is used in the offering of the Bonds, the preparation of the various closing certificates that embody the terms and provisions of this transaction and the preparation and delivery of our Bond Opinion. Moreover, legal advice and services of a traditional legal nature in the area of municipal finance inherently involve a financial advice component; but we hereby advise the Issuer that while we have expertise with respect to the legal aspects relating to the issuance of municipal securities, we are not "financial advisors" or "financial experts" in a manner that would subject us to the provisions of the MA Rule. As Bond Counsel, we provide only legal advice, not purely financial advice that is not inherent in our legal advice to the Issuer. The Issuer should seek the advice of its financial advisor with respect to the financial aspects of the issuance of the Bonds. By signing this engagement letter, the Issuer acknowledges receipt of this information, and evidences its understanding of the limitations of our role to the Issuer as Bond Counsel with respect to the MA Rule, as discussed in this paragraph.

FEES

Based upon: (i) the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financing; and (iv) the responsibilities we will assume in connection therewith, our fee will be \$6,000 for the first \$1,000,000 in net proceeds of the Bonds issued, plus \$1 per \$1,000 of net proceeds of the Bonds for all such amounts above \$1,000,000, with a minimum fee of \$7,500. Net proceeds include any net original issue premium, less the amount of the underwriters' discount, plus the principal amount of the Bonds (accrued interest is excluded from net proceeds). The fee includes our services rendered as Bond Counsel, but does not include client charges made or incurred on your behalf, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, computer-assisted research and other expenses. Our fee will be billed after the Closing. If the financing is not consummated, we understand and agree that we will not be paid. In accordance with the terms of the Order, the Issuer will provide the filing fee of the Texas Attorney General to Bond Counsel on a timely basis to permit the filing of the transcript of proceedings for the Bonds so that the Bonds may be approved by the Attorney General in time to meet the closing date set forth in the Official Statement.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. Our own files, including lawyer work product,

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pertaining to the transaction will be retained by us. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to dispose of any documents or other materials retained by us after the termination of this engagement.

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.


Respectfully yours,

McCall, Parkhurst & Horton L.L.P.

By 
Dan S. Culver

Accepted and Approved

Johnson County, Texas

By: 
Its: County Judge
Date: April 24, 2017