

ORDER NO. 300

AN ORDER BY THE COMMISSIONERS COURT OF COMAL COUNTY, TEXAS AUTHORIZING THE ISSUANCE OF “COMAL COUNTY, TEXAS COMBINATION LIMITED TAX AND REVENUE BONDS, SERIES 2012”; LEVYING AN ANNUAL AD VALOREM TAX, WITHIN THE LIMITATIONS PRESCRIBED BY LAW, FOR THE PAYMENT OF THE BONDS AND FURTHER SECURING SAID BONDS BY A LIEN ON AND PLEDGE OF CERTAIN PLEDGED REVENUES; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF AN OFFICIAL STATEMENT PERTAINING THERETO; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND A PURCHASE CONTRACT; COMPLYING WITH THE PROVISIONS OF THE DEPOSITORY TRUST COMPANY’S LETTER OF REPRESENTATIONS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Commissioners Court (the *Commissioners Court*) of Comal County, Texas (the *County*) has determined that it is in the best interests of the residents of the County to construct improvements to U.S. Highway 281 located in the County (the *Project*), in accordance with the provisions of the Texas Transportation Code; and

WHEREAS, the State of Texas (the *State*), acting through the Texas Department of Transportation (the *Department*), will ultimately own the Project and the State and the County will have full responsibility for its design, construction, operation, and maintenance of the Project; and

WHEREAS, the Department has, pursuant to Minute Order Number 110236 adopted on September 29, 2005 and Minute Order 110848 adopted on February 28, 2007, approved the Project and authorized the Department staff to negotiate a pass-through toll agreement with the County with respect to the Project; and

WHEREAS, the County and the Department have entered into a Pass-Through Toll Agreement (the *Agreement*), dated as of December 7, 2007, as amended by Amendment No. 1 dated as of May 17, 2012 (a copy of which is attached hereto as Exhibit E); and

WHEREAS, pursuant to the Agreement, the County is required to deliver to the State \$16,000,000 at least 60 days prior to the date set for receipt of construction bids for the Project, which County funds will be escrowed by the State and applied only to Project-related construction costs; and

WHEREAS, commencing within 60 days after the first anniversary of the Project's completion, and continuing within 60 days after each succeeding anniversary thereafter, the Department will reimburse the County for its contribution to the Project in an amount calculated based on vehicular traffic utilizing the Project, but never more than \$4,000,000 nor less than \$2,666,667 per year, until the County has been fully reimbursed for its contribution; and

WHEREAS, the Commissioners Court hereby finds and determines that combination limited tax and revenue bonds of the County in the total principal amount of \$14,855,000 should be issued and sold at this time for the purposes hereinafter described:

WHEREAS, in accordance with the provisions of Section 81.006, as amended, Texas Local Government Code, the Commissioners Court hereby finds and determines that this order was adopted at a regularly scheduled meeting of the Commissioners Court; and

WHEREAS, the Commissioners Court hereby finds and determines that the issuance of combination limited tax and revenue bonds is in the best interests of the citizens of the County, now, therefore,

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

SECTION 1: Authorization - Designation - Principal Amount - Purpose- Date. Pass-through toll agreement and limited tax general obligation bonds of the County shall be and are hereby authorized to be issued in the aggregate principal amount of FOURTEEN MILLION EIGHT HUNDRED FIFTY FIVE THOUSAND AND NO/100 DOLLARS (\$14,855,000) to be designated and bear the title of "COMAL COUNTY, TEXAS COMBINATION LIMITED TAX AND REVENUE BONDS, SERIES 2012" (the *Bonds*), for the purpose of providing funds for the (i) satisfying its required Project construction contribution, as described in the Agreement, and (ii) the payment of the costs of issuance relating to these Bonds, all in conformity with the laws of the State of Texas, particularly Chapter 1479, as amended, Texas Government Code, and an order adopted by the Commissioners Court on July 23, 2012.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates - Bond Date. The Bonds shall be issued as fully registered obligations, without coupons, shall be dated August 1, 2012 (the *Bond Date*) and shall be in denominations of \$5,000 or any integral multiple thereof, shall be lettered "R-" and numbered consecutively from One (1) upward and principal shall become due and payable on August 1 in each of the years and in amounts (the *Stated Maturities*) and bear interest at the rates per annum in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2016	2,480,000	3.000
2017	2,475,000	3.000
2018	2,475,000	3.000
2019	2,475,000	3.000
2020	2,475,000	4.000

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2021	1,975,000	4.000
2021	500,000	2.500

The Bonds shall bear interest on the unpaid principal amounts from the Bond Date, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to the Stated Maturity, or prior redemption, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on February 1 and August 1 in each year, commencing February 1, 2013 (the *Interest Payment Date*), while the Bonds are Outstanding.

SECTION 3: Payment of Bonds - Paying Agent/Registrar. The principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of, premium, if any, and interest on the Bonds shall be without exchange or collection charges to the Holder (as hereinafter defined) of the Bonds.

The selection and appointment of Regions Bank, Houston, Texas (the *Paying Agent/Registrar*) to serve as the initial Paying Agent/Registrar for the Bonds is hereby approved and confirmed, and the County agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment, and transfer of the Bonds, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached hereto in substantially final form as Exhibit A, and such reasonable rules and regulations as the Paying Agent/Registrar and the County may prescribe. The County covenants to maintain and provide a Paying Agent/Registrar at all times while the Bonds are Outstanding, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution, or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers. Such Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and shall be authorized by law to serve as a Paying Agent/Registrar.

The County reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or order terminating such agency. Additionally, the County agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Bonds by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Both principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the registered owner of the Bonds appearing on the Security Register (the *Holder* or *Holder*s) maintained on behalf of the County by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest on the Bonds, (ii) on the date of surrender of the Bonds for purposes of receiving payment of principal thereof at the Bonds' Stated Maturity or upon redemption of the Bonds, and (iii) on any date for any other purpose. The County and the

Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Bond for purposes of receiving payment and all other purposes whatsoever, and neither the County nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Bonds shall be payable only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its corporate trust office. Interest on the Bonds shall be paid to the Holder whose name appears in the Security Register at the close of business on the fifteenth day of the month next preceding an Interest Payment Date for the Bonds (the *Record Date*) and shall be paid (i) by check sent by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, premium, if any, or interest on the Bonds shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the 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 which is not such a day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Bonds was due.

In the event of a non-payment 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 County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of a Bond appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4: Redemption.

A. Optional Redemption. The Bonds having Stated Maturities on and after August 1, 2020 shall be subject to redemption prior to Stated Maturity, at the option of the County, on August 1, 2019, or on any date thereafter, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date of redemption.

B. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the County shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the County to exercise the right to redeem Bonds shall be entered in the minutes of the governing body of the County.

C. Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Bonds to be redeemed, provided that if less than the entire principal amount of a Bond is to be redeemed, the Paying Agent/Registrar shall treat such Bond then subject to redemption as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of such Bond by \$5,000.

D. Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first-class postage prepaid, in the name of the County and at the County's expense, by the Paying Agent/Registrar to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given or waived as herein provided, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Bonds (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue, and such Bonds shall not be deemed to be Outstanding in accordance with the provisions of this Order. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Additionally, this notice may also be sent by the County to any registered securities depository and to any national information service that disseminates redemption notices.

E. Transfer/Exchange of Bonds. Neither the County nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning forty-five (45) days prior to the date fixed for redemption of the Bonds or (2) to transfer or exchange any Bond selected for redemption, provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond which is subject to redemption in part.

SECTION 5: Execution - Registration. The Bonds shall be executed on behalf of the County by the County Judge under the seal of the Commissioners Court reproduced or impressed thereon, countersigned by the County Clerk or Deputy County Clerk, and registered by the County Treasurer. The signature of any of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were, at the time of the Bond Date, the proper officers of the County shall bind the County, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Bonds to the Purchasers (hereinafter defined) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Bond shall be entitled to any right or benefit under this Order, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 8C, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified or registered and delivered.

SECTION 6: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Bonds, or, if appropriate, the nominee thereof. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/ Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond at the corporate trust office of the Paying Agent/Registrar, the County shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange upon surrender of the Bonds to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Bonds are so surrendered for exchange, the County shall execute, and the Paying Agent/Registrar shall register and deliver, the Bonds to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the corporate trust office of the Paying Agent/Registrar, or be sent by registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the valid and binding obligations of the County, evidencing the same obligation to pay, and entitled to the same benefits under this Order, as the Bonds surrendered upon such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Bonds, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any Bond registered and delivered pursuant to Section 19 in lieu of a mutilated, lost, destroyed, or stolen Bond which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 7: Initial Bond(s). The Bonds herein authorized shall be issued initially either (i) as a single fully registered bond in the total principal amount of \$14,855,000 with principal installments to become due and payable as provided in Section 2 and numbered T-1, or (ii) as one (1) fully registered Bond for each year of Stated Maturity in the applicable principal amount, interest rate, and denomination and to be numbered consecutively from T-1 and upward (collectively, the *Initial Bond(s)*) and, in either case, the Initial Bond(s) shall be registered in the name of the Purchasers or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval and certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas. At any time after the delivery of the Initial Bond(s) to the Purchasers, the Paying Agent/Registrar, upon written instructions from the Purchasers, or their designee, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts, and bearing applicable interest rates for transfer and delivery to the Holders named and at the addresses identified therefor; all in accordance with and pursuant to such written instructions from the Purchasers, or their designee, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: Forms.

A. Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order and may have such letters, numbers, or other marks of identification (including insurance legends in the event the Bonds, or any Stated Maturities thereof, are insured and identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as may, consistent herewith, be established by the County or determined by the officers executing the Bonds as evidenced by their execution thereof. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the

officers executing the Bonds as evidenced by their execution thereof, but the Initial Bond(s) submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

B. Form of Definitive Bonds.

REGISTERED NO. REGISTERED PRINCIPAL AMOUNT \$ _____

United States of America
State of Texas
COMAL COUNTY, TEXAS
COMBINATION LIMITED TAX AND REVENUE BOND,
SERIES 2012

Bond Date: August 1, 2012 Interest Rate: Stated Maturity: CUSIP NO:

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

Comal County, Texas (the *County*), a body corporate and a political subdivision of the State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Bond Date, or from the most recent interest payment date to which interest has been paid or duly provided for until such Principal Amount has become due and payment thereof has been made or duly provided for to the earlier of redemption or Stated Maturity, while Outstanding, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year, commencing February 1, 2013.

Principal and premium, if any, on this Bond shall be payable to the Registered Owner hereof (the *Holder*), upon presentation and surrender, at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Order hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address

appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$14,855,000 (the *Bonds*) pursuant to an order adopted by the governing body of the County (the *Order*), for the purpose of providing funds for the (i) satisfying its required Project construction contribution, as described in the Agreement, and (ii) the payment of the costs of issuance relating to these Bonds, under and in strict conformity with the laws of the State of Texas, including Chapter 1479, as amended, Texas Government Code.

The Bonds stated to mature on and after August 1, 2020 may be redeemed prior to their Stated Maturities, at the option of the County, on August 1, 2019, or on any date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by United States Mail, first-class postage prepaid, to Holders of the Bonds to be redeemed, and subject to the terms and provisions relating thereto contained in the Order. If this Bond is subject to redemption prior to Stated Maturity and is in a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided in the Order for the then unredeemed balance of the principal sum hereof.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption has been duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Bond is called for redemption, in whole or in part, the County or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance hereof in the event of its redemption in part.

The Bonds of this series are payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the County within the limitations prescribed by law and are further payable from and equally and ratably secured by a lien on and pledge of the Pledged Revenues, such lien on and pledge of the Pledged Revenues being subordinate and inferior to the lien on and pledge of all or any portion of the Pledged Revenues securing payment of any Prior Lien Obligations or Junior Lien Obligations, but senior and superior to the lien on and pledge of all or any portion of the Pledged Revenues securing payment of any Inferior Lien Obligations, hereafter issued by the County. In the Order, the County reserves and retains the right to issue Prior Lien Obligations, Junior Lien Obligations, Additional Parity Obligations, and Inferior Lien Obligations while the Bonds are Outstanding, without limitation as to principal amount but

subject to any terms, conditions or restrictions as may be applicable thereto under law or otherwise.

Reference is hereby made to the Order, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied and the revenues pledged for the payment of the Bonds; the terms and conditions under which the County may issue Prior Lien Obligations, Junior Lien Obligations, Additional Parity Obligations, and Inferior Lien Obligations; the terms and conditions relating to the transfer or exchange of the Bonds; the conditions upon which the Order may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the County and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or discharged at or prior to its Stated Maturity and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Order. Capitalized terms used herein have the same meanings assigned in the Order.

This Bond, subject to certain limitations contained in the Order, may be transferred on the Security Register upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The County and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Bond as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity or its redemption, in whole or in part, and (iii) on any other date as the owner hereof for all other purposes, and neither the County nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment 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 County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Bond in order to render the same a legal, valid, and binding obligation of the County have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Bonds does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of, premium, if any, and interest on the Bonds by the levy of a tax as aforesated. In case any provision in this Bond or any application

thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Order shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Commissioners Court of the County has caused this Bond to be duly executed under the official seal of its Commissioners Court.

COMAL COUNTY, TEXAS

By: _____
County Judge

COUNTERSIGNED:

REGISTERED:

County Clerk and Ex-Officio Clerk
of the Commissioners Court

County Treasurer

(SEAL OF COMMISSIONERS COURT)

[The remainder of this page intentionally left blank.]

C. *Form of Registration Certificate of Comptroller of Public Accounts to Appear on Initial Bond(s) Only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER OF §
PUBLIC ACCOUNTS §
THE STATE OF TEXAS § 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 duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

* Note to Printer: Not to appear on Definitive Bonds

D. Form of Certificate of Paying Agent/Registrar to Appear on Definitive Bonds Only.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued under the provisions of the within-mentioned Order; the Bond or Bonds of the above-entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: REGIONS BANK, Houston, Texas

_____ By: _____
Authorized Signature

*NOTE TO PRINTER: Print on Definitive Bonds.

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number): _____
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:

F. The Initial Bond(s) shall be in the form set forth in paragraph B of this Section, except that the form of the single fully registered Initial Bond shall be modified as follows:

- (i) immediately under the name of the bond the headings "Interest Rate _____" and "Stated Maturity ____" shall both be completed "as shown below";
- (ii) the first two paragraphs shall read as follows:

Comal County, Texas (the *County*), a body corporate and a political subdivision of the State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the first day of August in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
-------------------------------------	-----------------------------------	-------------------------------

(Information to be inserted from schedule in Section 2 hereof).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Bond Date, or from the most recent interest payment date to which interest has been paid or duly provided for until the Principal Amount has become

due and payment thereof has been made or duly provided for, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year, commencing February 1, 2013.

Principal, and premium if any, of this Bond shall be payable to the Registered Owner hereof (the *Holder*), upon its presentation and surrender, at the corporate trust office of Regions Bank, Houston, Texas (the *Paying Agent/Registrar*). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each interest payment date. All payments of principal of and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

G. Insurance Legend. If bond insurance is obtained by the County or the Purchasers for the Bonds, the Definitive Bonds and the Initial Bond(s) shall bear an appropriate legend as provided by the insurer.

SECTION 9: Definitions. For all purposes of this Order (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 24 and 41 of this Order have the meanings assigned to them in such Sections, and all such terms include the plural as well as the singular; (ii) all references in this Order to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Order as originally adopted; and (iii) the words "herein", "hereof", and "hereunder" and other words of similar import refer to this Order as a whole and not to any particular Section or other subdivision.

A. The term *Act* shall mean Chapter 1479, as amended, Texas Local Government Code.

B. The term *Additional Parity Obligations* shall mean (i) obligations hereafter issued by the County payable, in whole or in part, from and equally and ratably secured by a lien on and pledge of all or any portion of the Pledged Revenues, all as provided in Section 21 of this Order, and (ii) obligations hereafter issued to refund any of the foregoing as determined by the Commissioners Court in accordance with any applicable law.

C. The term *Agreement* shall mean the Pass-Through Toll Agreement between the County and the Texas Department of Transportation, effective December 7, 2007, as amended by Amendment No. 1 effective May 17, 2012.

D. The term *Authorized Officials* shall mean the County Judge, County Auditor, County Treasurer, and/or the County Clerk and Ex-Officio Clerk of the Commissioners Court.

E. The term *Bond Fund* shall mean the special Fund created and established by the provisions of Section 10 of this Order.

F. The term *Bonds* shall mean the \$14,855,000 "COMAL COUNTY, TEXAS COMBINATION LIMITED TAX AND REVENUE BONDS, SERIES 2012" authorized by this Order.

G. The term *Closing Date* shall mean the date of physical delivery of the Initial Bond(s) in exchange for the payment in full by the Purchasers thereof.

H. The term *Collection Date* shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the County become delinquent.

I. The term *County* shall mean Comal County, Texas and, where appropriate, the Commissioners Court of the County.

J. The term *Debt Service Requirements* shall mean, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the County as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

K. The term *Depository* shall mean an official depository bank of the County.

L. The term *Fiscal Year* shall mean the annual financial accounting period for the County now ending on December 31st of each year; provided, however, the Commissioners Court may change such annual financial accounting period to end on another date if such change is found and determined to be necessary for accounting purposes or is required by applicable law.

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

the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

N. The term *Holder* or *Holder*s shall mean the registered owner, whose name appears in the Security Register, for any Bond.

O. The term *Inferior Lien Obligations* shall mean (i) any revenue, tax, or combination revenue and tax bonds, certificates of obligation, notes, or similar obligations of the County hereafter issued in one or more installments, pursuant to the provisions of the Act or other available law, payable from and equally and ratably secured by a lien on and pledge of all or any portion (including a limited pledge) of the Pledged Revenues, which lien and pledge is subordinate and inferior to the lien thereon and pledge thereof securing any Prior Lien Obligations, Junior Lien Obligations, or Obligations Similarly Secured, and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a subordinate and inferior lien on and pledge of all or a portion of the Pledged Revenues, as determined by the Commissioners Court in accordance with any applicable law.

P. The term *Interest Payment Date* shall mean the date semiannual interest is payable on the Bonds, being February 1 and August 1 of each year, commencing February 1, 2013, while any of the Bonds remain Outstanding.

Q. The term *Junior Lien Obligations* shall mean (i) any revenue, tax, or combination revenue and tax bonds, certificates of obligation, notes, or similar obligations of the County hereafter issued in one or more installments, pursuant to the provisions of the Act or other available law, payable from and equally and ratably secured by a junior and inferior lien on and pledge of all or any portion of the Pledged Revenues, which lien and pledge is junior and inferior to the lien thereon and pledge thereof securing any Prior Lien Obligations, but senior and superior to the lien thereon and pledge thereof securing any Obligations Similarly Secured or Inferior Lien Obligations, and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a junior and inferior lien on and pledge of all or a portion of the Pledged Revenues as determined by the Commissioners Court in accordance with any applicable law.

R. The term *Obligations Similarly Secured* shall mean the Parity Obligations and any Additional Parity Obligations.

S. The term *Order* shall mean this order adopted by the Commissioners Court of the County on July 23, 2012.

T. The term *Outstanding* when used in this Order with respect to Bonds shall mean, as of the date of determination, all Bonds issued and delivered under this Order, except:

(1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the County in accordance with the provisions of Section 26 of this Order by the irrevocable deposit with the Paying Agent/ Registrar, or an authorized escrow agent, of money or Government

Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to Stated Maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Order or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 19 of this Order.

U. The term *Parity Obligations* shall mean (i) the Bonds and (ii) obligations hereinafter issued to refund and of the foregoing that are payable in whole or in part, from and equally and ratably secured by a lien on and pledge of the Pledged Revenues, all as provided in Section 21 of this Order, as determined by the Commissioners Court in accordance with any applicable law.

V. The term *Pledged Revenues* shall mean (i) the Revenues plus (ii) any additional revenues, income, receipts, or other resources, including, without limitation, any additional revenues derived from any amendment, grants, donations or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter are pledged by the County to the payment of the Obligations Similarly Secured.

W. The term *Prior Lien Obligations* shall mean (i) any revenue, tax, or combination revenue and tax bonds, certificates of obligation, notes, or similar obligations of the County hereafter issued in one or more installments, pursuant to the provisions of the Act or other available law, that are payable from and secured, in whole or in part, by a first and prior lien on and pledge of all or any portion of the Pledged Revenues, all as provided in Section 21 of this Order, and (ii) obligations hereafter issued to refund any of the foregoing that are payable from and equally and ratably secured by a first and prior lien on all or any portion of the Pledged Revenues, as determined by the Commissioners Court in accordance with any applicable law.

X. The term *Purchasers* shall mean the initial purchasers of the Bonds named in Section 23 of this Order.

Y. The term *Revenues* shall mean all revenues, payments, income and receipts of every nature derived or received by the County pursuant to the Agreement, including the interest income from investment or deposit of money in any fund, account or subaccount created by this Order, or maintained by the County in connection therewith and any other revenues hereafter, if any, pledged to the payment of the Obligations Similarly Secured or any other permissible obligations of the County or any non profit corporation created by the County.

Z. The term *Stated Maturity* shall mean the annual principal payments of the Bonds payable on August 1 of each year, as set forth in Section 2 of this Order.

SECTION 10: Bond Fund; Investments. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption, and retirement of the Bonds, there shall be and is hereby created a special Fund to be designated "COMBINATION LIMITED TAX AND

REVENUE BONDS, SERIES 2012, INTEREST AND SINKING FUND” (the *Bond Fund*), which Fund shall be kept and maintained at the Depository, and money deposited in such Fund shall be used for no other purpose and shall be maintained as provided in Section 24. Authorized Officials of the County are hereby authorized and directed to make withdrawals from the Bond Fund sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Bond Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Bonds, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Bonds.

Pending the transfer of funds to the Paying Agent/Registrar, money deposited in any fund or account established or described in this Order, at the option of the County, may be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from such fund or account will be available at the proper time or times. All interest and income derived from deposits and investments in such fund or account shall be credited to, and any losses debited to, such fund or account. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

SECTION 11: Tax Levy. To provide for the payment of the Debt Service Requirements on the Bonds being (i) the interest on the Bonds and (ii) a sinking fund for their redemption at Stated Maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied, for the current year and each succeeding year thereafter while the Bonds or any interest thereon shall remain Outstanding, a sufficient tax, within the limitations prescribed by law, on each one hundred dollars' valuation of taxable property in the County adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Bond Fund and are thereafter pledged to the payment of the Bonds. The Commissioners Court hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay such Debt Service Requirements, it having been determined that the existing and available taxing authority of the

County for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness and other obligations of the County.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Obligations Similarly Secured shall be determined and accomplished in the following manner:

A. Prior to the date the Commissioners Court establishes the annual tax rate and passes an order levying ad valorem taxes each year, the Commissioners Court shall determine:

(1) the amount of Debt Service Requirements to become due and payable on the Obligations Similarly Secured between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year; and

(2) the amount on deposit in the Bond Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Obligations Similarly Secured prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Pledged Revenues or other lawfully available funds appropriated and allocated during such year to pay such Debt Service Requirements, prior to the Collection Date for the ad valorem taxes to be levied; and

(3) the amount of Pledged Revenues appropriated and set aside for the payment of the Debt Service Requirements on the Obligations Similarly Secured between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding Fiscal Year.

B. The amount of taxes to be levied annually each year by the Commissioners Court to pay the Debt Service Requirements on the Obligations Similarly Secured shall be the amount established in paragraph (1) above less the sum total of the amounts established in paragraphs (2) and (3), after taking into consideration delinquencies and costs of collecting such annual taxes.

SECTION 12: Pledge of Pledged Revenues.

A. The County hereby covenants and agrees that, subject to any superior lien on and pledge of all or any portion of the Pledged Revenues to the payment and security of any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the County, the Pledged Revenues are hereby irrevocably pledged to the payment of the principal of and interest on the Obligations Similarly Secured and the pledge of Pledged Revenues herein made for the payment of the Obligations Similarly Secured shall constitute a lien on the Pledged Revenues in accordance with the terms and provisions hereof and be valid and binding without any physical delivery thereof or further act by the County.

B. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of Pledged Revenues granted by the County under subsection (a) of this Section, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the Pledged Revenues granted by the County is to be subject to the filing requirements of Chapter 9, Texas Business &

Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in this pledge, the County agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in this pledge to occur.

SECTION 13: Revenue Fund. The County hereby covenants and agrees that all Revenues shall be kept separate and apart from all other funds, accounts and money of the County and shall be deposited as collected into the "COMAL COUNTY PLEDGED REVENUE FUND" (the *Revenue Fund*). All money deposited in the Revenue Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown:

A. First: to the payment of all amounts required to be deposited in the special funds and accounts established for the payment, security, and benefit of any Prior Lien Obligations hereafter issued by the County in accordance with the terms and provisions of any orders authorizing their issuance; provided, however, that the County may utilize any money on deposit in the Revenue Fund first to reimburse itself or to pay any costs, fees, or expenses related to the Project or any future projects;

B. Second: to the payment of all amounts required to be deposited in the special funds and accounts established for the payment, security, and benefit of any Junior Lien Obligations hereafter issued by the County in accordance with the terms and provisions of any orders authorizing their issuance;

C. Third: to the payment of all amounts required to be deposited in the special funds and accounts established for the payment, security, and benefit of the Obligations Similarly Secured, including any Additional Parity Obligations hereafter issued by the County in accordance with the terms and provisions of any orders authorizing their issuance; and

D. Fourth: to the payment of the amounts required to be deposited in the special funds and accounts created and established for the payment, security, and benefit of any Inferior Lien Obligations hereafter issued by the County in accordance with the terms and provisions of the orders authorizing their issuance.

Any Pledged Revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment, security and benefit thereof, may be appropriated and used for any other County purpose now or hereafter permitted by law.

SECTION 14: Deposits to Bond Fund; Surplus Bond Proceeds. The County hereby covenants and agrees to cause to be deposited in the Bond Fund prior to a principal and interest payment date for the Obligations Similarly Secured from the Pledged Revenues in the Revenue Fund, after the deduction of all payments required to be made to the special funds or accounts created for the payment and security of any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the County, any amounts budgeted to be paid therefrom in such Fiscal Year.

Accrued interest, received from the Purchasers of the Bonds shall be deposited to the Bond Fund and ad valorem taxes levied and collected shall be deposited to the Bond Fund. In

addition, any surplus proceeds from the sale of the Bonds, including investment income thereon, not expended for authorized purposes shall be deposited in the Bond Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes.

SECTION 15: Security of Funds. All money on deposit in the Funds for which this Order makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and money on deposit in such Funds shall be used only for the purposes permitted by this Order.

SECTION 16: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the County covenants and agrees particularly that in the event the County (a) defaults in the payments to be made to the Bond Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Order, the Holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the County and other officers of the County to observe and perform any covenant, condition, or obligation prescribed in this Order.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 17: Notices to Holders; Waiver. Wherever this Order provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Order provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 18: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the County, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The County may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the County may have acquired in any

manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the County.

SECTION 19: Mutilated, Destroyed, Lost, and Stolen Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the County and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the County and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the County or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the County shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the County in its discretion may, instead of issuing a new Bond, pay such Bond. Upon the issuance of any new Bond or payment in lieu thereof, under this Section, the County may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith. Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the County, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Order equally and ratably with all other Outstanding Bonds. The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

SECTION 20: Special Covenants. The County hereby further covenants that:

A. it has the lawful power to pledge the Pledged Revenues supporting the Bonds and has lawfully exercised said powers under the laws of the State of Texas, including power existing under the Act; and

B. other than the pledge of the Pledged Revenues for the payment of the Bonds, the Revenues have not in any manner been pledged to the payment of any debt or obligation of the County.

SECTION 21: Issuance of Additional Obligations. The County hereby expressly reserves the right to hereafter issue Prior Lien Obligations, without limitation as to principal amount, but subject to any terms, conditions or restrictions applicable thereto under law or otherwise, provided that the order authorizing the issuance of any Prior Lien Obligations provides that such obligations are payable from and secured, in whole or in part, by a first and prior lien on the Revenues, or any combination of all or any part of the Revenues.

The County hereby expressly reserves the right to hereafter issue Junior Lien Obligations payable from and secured, in whole or in part, by a lien on and pledge of the Revenues, or any combination of all or part of the Revenues that is junior and inferior to the lien on and pledge thereof securing the payment of any Prior Lien Obligations hereafter issued by the County, but prior and superior to the lien on and pledge of the Revenues securing the payment of the Parity Obligations or any Additional Parity Obligations or any Inferior Lien Obligations hereafter issued by the County.

The County hereby expressly reserves the right to hereafter issue Additional Parity Obligations, without limitation as to principal amount, but subject to any terms, conditions or restrictions applicable thereto under law or otherwise, provided that the order authorizing the issuance of any Additional Parity Obligations provides that such obligations are payable from and secured, in whole or in part, by a lien on and pledge of the Revenues, or any combination of all or part of the Revenues which is junior and inferior to the Prior Lien Obligations and the Junior Lien Obligations, but have a lien on the Pledged Revenues on parity with the lien on and pledge of the Pledged Revenues securing the payment of the Bonds and any other Obligations Similarly Secured.

The County hereby expressly reserves the right to hereafter issue Inferior Lien Obligations, without limitation as to principal amount, but subject to any terms, conditions or restrictions applicable thereto under law or otherwise, provided that the order authorizing the issuance of any Inferior Lien Obligations provides that such obligations are payable from and secured, in whole or in part, by a lien on and pledge of the Revenues, or any combination of all or any part (including a limited pledge) of the Revenues on a priority that is junior and subordinate to the lien on and pledge of the Pledged Revenues securing the Bonds and any other Obligations Similarly Secured.

Any Prior Lien Obligations or Junior Lien Obligations hereafter issued by the County shall be payable, in whole or in part, from a lien on and pledge of the Revenues, or any combination of all or any part of the Revenues, such liens being prior and superior to the lien on and pledge of the Pledged Revenues securing the payment of the Bonds and any other Obligations Similarly Secured.

Prior Lien Obligations, Junior Lien Obligations, Additional Parity Obligations, and Inferior Lien Obligations, if issued, may be payable, in whole or in part, from Revenues, or any combination of all or any part of the Revenues (without impairment of the obligation of contract with the Holders of the Bonds and any other Obligations Similarly Secured) upon such terms and conditions as the Commissioners Court may determine.

SECTION 22: Application of the Covenants and Agreements of the Prior Lien Obligations or Junior Lien Obligations. It is the intention of the Commissioners Court and accordingly hereby recognized and stipulated that the provisions, agreements, and covenants contained herein bearing upon the administering and application of the Pledged Revenues, shall to the extent possible be harmonized with like provisions, agreements and covenants contained in the orders authorizing the issuance of the Prior Lien Obligations or Junior Lien Obligations and to the extent of any irreconcilable conflict between the provisions contained herein and in the orders authorizing the issuance of the Prior Lien Obligations or Junior Lien Obligations, the

provisions, agreements, and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Order, especially the priority of rights and benefits conferred thereby to the owners of any Prior Lien Obligations or Junior Lien Obligations, as appropriate.

SECTION 23: Sale of Bonds – Approval of Purchase Contract - Official Statement Approval – Use of Proceeds. The Bonds authorized by this Order are hereby sold by the County to Coastal Securities, Inc., Houston, Texas, as the authorized representative of a group of underwriters (the *Purchasers*, having all the rights, benefits, and obligations of a Holder) in accordance with the provisions of a Purchase Contract (the *Purchase Contract*), dated July 23, 2012, attached hereto as Exhibit B and incorporated herein by reference as a part of this Order for all purposes. The pricing and terms of the sale of the Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the County. The Initial Bonds shall be registered in the name of Coastal Securities, Inc. The County Judge is hereby authorized and directed to execute the Purchase Contract for and on behalf of the County and as the act and deed of the Commissioners Court, and in regard to the approval and execution of the Purchase Contract, the Commissioners Court hereby finds, determines and declares that the representations, warranties, and agreements of the County contained in the Purchase Contract are true and correct in all material respects and shall be honored by the County. Delivery of the Bonds to the Purchasers shall occur as soon as practicable after the adoption of this Order, upon payment therefor in accordance with the terms of the Purchase Contract.

Furthermore, the County hereby ratifies, confirms, and approves in all respects (i) the County's prior determination that the Preliminary Official Statement was, as of its date, "deemed final" in accordance with the Rule (hereinafter defined) and (ii) the use and distribution of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale, attached as Exhibit A to the Purchase Contract (together with such changes approved by the County Judge, County Auditor, County Treasurer, County Clerk, or Deputy County Clerk), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute the final Official Statement, dated July 23, 2012, in the reoffering, sale and delivery of the Bonds to the public. The County Judge and County Clerk and Ex-Officio Clerk of the Commissioners Court are further authorized and directed to manually execute and deliver for and on behalf of the County, copies of the Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the Commissioners Court and constitute the Official Statement authorized for distribution and use by the Purchasers. The proper officials of the County are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

Proceeds from the sale of the Bonds shall be applied as follows:

A. Accrued interest (in the amount of \$27,091.67) received from the Purchasers shall be deposited into the Bond Fund. The County received a net premium from the sale of the Bonds of \$1,376,548.80 which is hereby allocated by the County in the following manner: (1) \$95,161.92 to pay the Purchasers' compensation, (2) \$3,886.88 shall be deposited into the Bond Fund as the rounding amount, (3) \$132,500.00 to pay a portion of certain other costs of

issuance, and (4) \$1,145,000.00 shall be deposited into the construction fund as described in paragraph B below.

B. The balance of the proceeds derived from the sale of the Bonds (after paying costs of issuance and the other deposits referred to in paragraph A above) including \$1,145,000.00 from a portion of the premium referred to in paragraph A above shall be deposited into the special construction account or accounts created for the projects to be constructed with the Bond proceeds and to pay the costs of issuance of the Bonds. This special construction account shall be established and maintained at the Depository and shall be invested in accordance with the provisions of Section 10 of this Order. Interest earned on the proceeds of the Bonds pending completion of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 14 of this Order.

SECTION 24: Covenants to Maintain Tax-Exempt Status.

A. **Definitions.** When used in this Section, the following terms have the following meanings:

“Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“Computation Date” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Gross Proceeds” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“Investment” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Nonpurpose Investment” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“Rebate Amount” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“Regulations” means any proposed, temporary, or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“Yield” of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

B. Not to Cause Interest to Become Taxable. The County shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the County receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the County shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except to the extent that it will not cause the Bonds to become "private activity bonds" within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the County shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the County or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

D. No Private Loan. Except to the extent that it will not cause the Bonds to become "private activity bonds" within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the County shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved

with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

E. Not to Invest at Higher Yield. Except to the extent that it will not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the County shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the Bonds.

F. Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the County shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

G. Information Report. The County shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

H. Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The County shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the County may commingle Gross Proceeds of the Bonds with other money of the County, provided that the County separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the County shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The County shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the County shall pay to the United States out of the Bond Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the

Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The County shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

I. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the County shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

J. Bonds Not Hedge Bonds.

(1) The County reasonably expects to spend at least 85% of the spendable proceeds of the Bonds within three years after such Bonds are issued.

(2) Not more than 50% of the proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

K. Elections. The County hereby directs and authorizes the County Judge, County Clerk, Deputy County Clerk, County Treasurer, County Auditor, or the County's legal advisor, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document. Such elections shall be deemed to be made on the Closing Date.

SECTION 25: Control and Custody of Bonds. The County Judge shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas and shall take and have charge and control of the Bonds pending their approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery of the Bonds to the Purchasers.

Furthermore, the County Judge, County Clerk, Deputy County Clerk, County Treasurer, County Auditor, or the County's legal advisor, either or all, are hereby authorized and directed to furnish and execute such documents relating to the County and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the County's financial

advisor, Bond Counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond to the Purchasers and the initial exchange thereof for definitive Bonds.

SECTION 26: Satisfaction of Obligation of County. If the County shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Order, then the lien on and pledge of the Pledged Revenues and the pledge of taxes levied under this Order and all covenants, agreements, and other obligations of the County to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at Stated Maturity or the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have, in the case of a net defeasance, been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof for the Bonds. In the event of a gross defeasance of the Bonds, the County shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. The County covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 24 hereof).

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

Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem defeased Bonds that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided

that: (1) in the proceedings providing for such defeasance, the County expressly reserves the right to call the defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Bonds immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds.

SECTION 27: Printed Opinion. The Purchasers' obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Fulbright & Jaworski L.L.P., as Bond Counsel, approving certain legal matters as to the Bonds, said opinion to be dated and delivered as of the date of initial delivery and payment for the Bonds. Printing of a true and correct copy of said opinion on the reverse side of each of the Bonds, with appropriate certificate pertaining thereto executed facsimile signature of the County Clerk or Deputy County Clerk of the County is hereby approved and authorized.

SECTION 28: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof, and neither the County nor attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 29: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 30: Order a Contract; Amendments - Outstanding Bonds. The County acknowledges that the covenants and obligations of the County herein contained are a material inducement to the purchase of the Bonds. This Order shall constitute a contract with the Holders from time to time, shall be binding on the County and its successors and assigns, and shall not be amended or repealed by the County so long as any Bond remains Outstanding except as permitted in this Section. The County may, without the consent of or notice to any Holders, from time to time and at any time, amend this Order in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the County may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Order; provided, however, that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, the redemption price therefor, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission.

SECTION 31: Benefits of Order. Nothing in this Order, expressed or implied, is intended or shall be construed to confer upon any person other than the County, Bond Counsel, Paying Agent/Registrar, the Purchasers, and the Holders, any right, remedy, or claim, legal or

equitable, under or by reason of this Order or any provision hereof, this Order and all its provisions being intended to be and being for the sole and exclusive benefit of the County, Bond Counsel, the Paying Agent/Registrar, and the Holders.

SECTION 32: Inconsistent Provisions. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Order are hereby repealed to the extent of such conflict, and the provisions of this Order shall be and remain controlling as to the matters ordered herein.

SECTION 33: Governing Law. This Order shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 34: Severability. If any provision of this Order or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Order and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Commissioners Court hereby declares that this Order would have been enacted without such invalid provision.

SECTION 35: Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Order for all purposes and are adopted as a part of the judgment and findings of the Commissioners Court.

SECTION 36: Construction of Terms. If appropriate in the context of this Order, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 37: Authorization of Paying Agent/Registrar Agreement. The Commissioners Court of the County hereby finds and determines that it is in the best interest of the County to authorize the execution of a Paying Agent/Registrar Agreement concerning the payment, exchange, registration, and transferability of the Bonds. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Order.

SECTION 38: Public Meeting. It is officially found, determined, and declared that the meeting at which this Order was adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Order, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 39: Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Order shall be given in such other manner and at such time or times as in the judgment of the County or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Order be deemed to be in compliance with the requirements for publication thereof.

SECTION 40: No Recourse Against County Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Bond or for any claim based thereon or on this Order against any official of the County or any person executing any Bond.

SECTION 41: Continuing Disclosure of Information.

A. Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

EMMA means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

MSRB means the Municipal Securities Rulemaking Board.

Rule means SEC Rule 15c2-12, as amended from time to time.

SEC means the United States Securities and Exchange Commission.

B. Annual Reports.

The County shall file annually with the MSRB, within six months after the end of each Fiscal Year ending in or after 2012, financial information and operating data with respect to the County of the general type included in the final Official Statement authorized by Section 23 of this Order being the information described in Exhibit C hereto. All such information must be filed with MSRB pursuant to its Electronic Municipal Access (EMMA) System. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation and (ii) audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the County shall file unaudited statements within such period and audited financial statements for the applicable Fiscal Year with the MSRB, when and if the audit report on such statements becomes available.

If the County changes its Fiscal Year, it will file notice thereof with the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the County, otherwise would be required to provide financial information and operating data pursuant to this Section.

C. Notice of Certain Events. The County shall file notice of any of the following events with respect to the Bonds, to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership, or similar event of the County, which shall occur as described below;
- (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

For these purposes, any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County.

The County shall file notice with the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with this Section by the time required by this Section.

D. Limitations, Disclaimers, and Amendments. The County shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the County remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the County in any event will give notice of any deposit made in accordance with the laws of the State of Texas that causes the Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The County undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the County’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE COUNTY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE COUNTY, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the County in observing or performing its obligations under this Section shall constitute a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the County under federal and state securities laws.

The provisions of this Section may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is

unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The County may also repeal or amend the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the County also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the County so amends the provisions of this Section, the County shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

E. Information Format – Incorporation by Reference.

The information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

SECTION 42: Book-Entry Only System.

It is intended that the Bonds will initially be registered so as to participate in a securities depository system (the *DTC System*) with the Depository Trust Company, New York, New York, or any successor entity thereto (*DTC*), as set forth herein. Each Stated Maturity of the Bonds shall be issued (following cancellation of the Initial Bond(s) described in Section 7) in the form of a separate single definitive Bond. Upon issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Bonds shall be registered in the name of Cede & Co., as the nominee of DTC. The County and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations attached hereto as Exhibit D (the *Representation Letter*).

With respect to the Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Bonds from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (an *Indirect Participant*). Without

limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Bonds, as shown on the Security Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of a Bond, of any amount with respect to principal of, premium, if any, or interest on the Bonds. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond evidencing the obligation of the County to make payments of principal, premium, if any, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks or drafts being mailed to the Holder, the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

In the event that (a) the County determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the County determines that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the County shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of bond certificates, and the Bonds shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the County may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the County, or such depository's agent or designee, and if the County and the Paying Agent/Registrar do not select such alternate securities depository system then the Bonds may be registered in whatever name or names the Holders of Bonds transferring or exchanging the Bonds shall designate, in accordance with the provisions hereof.

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

SECTION 43: Further Procedures. The officers and employees of the County are hereby 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 County all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Purchase Contract, and the Official Statement. In addition, prior to the initial delivery of the Bonds, the County Judge, County Auditor, County Treasurer, County Clerk, or Deputy County Clerk and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by

the Texas Attorney General's office. In case any officer of the County whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, 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 44: Effective Date. This Order shall be in force and effect from and after its final passage, and it is so ordered.

[The remainder of this page intentionally left blank.]

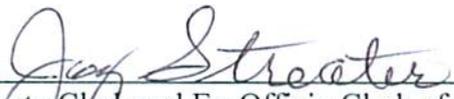
PASSED AND ADOPTED on the 23rd day of July, 2012.

COMAL COUNTY, TEXAS



County Judge

ATTEST:



County Clerk and Ex-Officio Clerk of the
Commissioners Court of Comal County, Texas



(SEAL OF COMMISSIONERS COURT)

- Exhibit A - Paying Agent/Registrar Agreement
- Exhibit B - Purchase Contract
- Exhibit C - Description of Financial Information and Operating Data
- Exhibit D - DTC Letter of Representations
- Exhibit E - Pass-Through Toll Agreement, as amended

THE BOARD OF COUNTY COMMISSIONERS

COUNTY OF TARRANT, TEXAS

[Handwritten signature]



[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

EXHIBIT A

Paying Agent/Registrar Agreement

See Tab No. __

EXHIBIT B

Purchase Contract

See Tab No. ____

EXHIBIT C

Description of Financial Information and Operating Data

Information and Data with Respect to the County

The information and data with respect to the County referred to in Section 41 of this Order are the quantitative financial information and operating data specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The County's audited financial statements for the most recently concluded fiscal year or to the extent these audited financial statements are not available, the portions of the unaudited financial statements of the County appended to the Official Statement as Appendix C, but for the most recently concluded fiscal year.
2. The information of the general type included in the Official Statement in Appendix A thereto (excluding, however, the information in such appendix appearing under the heading "CONSOLIDATED OVERLAPPING GROSS FUNDED DEBT PAYABLE FROM AD VALOREM TAXES").

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.

EXHIBIT D

DTC Letter of Representations

See Tab No. __

EXHIBIT E

Pass-Through Toll Agreement

See Tab No. __