#16,628

CERTIFICATE FOR ORDER

I, the undersigned County Clerk of Hunt County, Texas, hereby certify as follows:

1. The Commissioners Court of Hunt County, Texas (the "Commissioners Court") convened in a regular meeting, on February 23, 2021, at the Hunt County Auxiliary Courtroom located at 2700 Johnson Street, Greenville, Texas, and the roll was called of the duly constituted and acting members of the Commissioners Court, to wit:

Bobby W. Stovall, County Judge
Mark Hutchins, Commissioner, Precinct No. 1
Randy Strait, Commissioner, Precinct No. 2
Phillip Martin, Commissioner, Precinct No. 3
Steven Harrison, Commissioner, Precinct No. 4

FILED FOR RECORD
at 3:15 o'clock P M
FEB 23 2021
JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX
By

and all of the members of the Commissioners Court were present except ____________, thus constituting a quorum. Whereupon, among other business, a written Order bearing the following caption was introduced for consideration by the Commissioners Court:

AN ORDER OF THE COMMISSIONERS COURT OF HUNT COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF HUNT COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021 IN THE AGGREGATE PRINCIPAL AMOUNT OF $5,745,000; AWARDING THE SALE OF THE BONDS; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; APPROVING THE OFFICIAL STATEMENT AND PAYING AGENT/REGISTRAR AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for consideration of said Commissioners Court. It was then duly moved and seconded that said Order be passed; and, after due discussion, said motion, carrying with it the passage of said Order, prevailed and carried by the following vote:

AYES: 5 NOES: 0 ABSTENTIONS: 0

2. A true, full and correct copy of the aforesaid Order passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Order has been duly recorded in the official minutes of said Commissioners Court; the above and foregoing paragraph is a true and correct excerpt from said minutes of said meeting pertaining to the passage of said Order; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Order, were the duly chosen, qualified and acting officers and members of said Commissioners Court as indicated therein; each of said officers and members was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Order would be introduced and considered for passage at said meeting, and each of said officers and members consented in advance to the holding of said meeting for such purpose; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, TEX. GOV'T CODE ANN., as amended.

SIGNED AND SEALED this February 23, 2021.

County Clerk, Hunt County, Texas

[COUNTY SEAL]

*Signature Page for Certificate for Order Authorizing*
*Series 2021 Limited Tax Permanent Improvement Bonds*

#16,628



ORDER

AUTHORIZING THE ISSUANCE OF

HUNT COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BONDS
SERIES 2021

Adopted: February 23, 2021

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## MISCELLANEOUS

AN ORDER OF THE COMMISSIONERS COURT OF HUNT COUNTY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF HUNT COUNTY, TEXAS, LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021 IN THE AGGREGATE PRINCIPAL AMOUNT OF $__________; AWARDING THE SALE OF THE BONDS; LEVYING A TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; APPROVING THE OFFICIAL STATEMENT AND PAYING AGENT/REGISTRAR AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Commissioners Court (the "Commissioners Court" of Hunt County, Texas (the "County") intends to issue bonds to finance improvements within the County which the Commissioners Court determines are necessary; and

WHEREAS, the improvement bonds hereinafter authorized were duly and favorably voted, as required by the Constitution and laws of the State of Texas, at an election held in the County, on November 8, 2016; and

WHEREAS, at said election, the following are among the purposes and amounts of the bonds which were authorized, reflecting any amount previously issued pursuant to such voted authorization, the amount therefrom being authorized to be issued pursuant to this Order, and the balance that remains unissued after the issuance of the bonds herein authorized, to-wit:

| Purpose | Election Date | Amount Voted | Amount Previously Issued | Amount Being Issued | Unissued Balance |
|---|---|---|---|---|---|
| Road Projects | 11/08/16 | $24,420,000 | $6,000,000 | $6,000,000(1) | $12,420,000 |

(1) Includes premium in the amount of $_______ generated on the Bonds and allocated to voted authorization.

WHEREAS, the Commissioners Court has found and determined that it is necessary and in the best interest of the County and its citizens that it authorize by this Order the issuance and delivery of the bonds in a single series at this time; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Order has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Order, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended;

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Order the following terms shall have the meanings specified below:

"Bond" means any of the Bonds.

"Bonds" means the County's bonds entitled "Hunt County, Texas, Limited Tax Permanent Improvement Bonds, Series 2021" authorized to be issued by Section 3.01.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

"Dated Date" means the date designated as the date of the Bonds in Section 3.02.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the County and such successor.

"DTC" shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Event of Default" means any Event of Default as defined in Section 11.01.

"Initial Bond" means the Bond described in Section 3.04(d) and 6.02(d).

"Interest and Sinking Fund" means the interest and sinking fund established by Section 8.01(a).

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until the maturity of the Bonds, such dates being March 1 and September 1 of each year commencing March 1, 2022.

"Order" means this Order.

"Owner" means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

"Paying Agent/Registrar" means initially BOKF, NA, Dallas, Texas, or any successor thereto as provided in this Order.

"Paying Agent/Registrar Agreement" means the Paying Agent/Registrar Agreement between the County and the Paying Agent/Registrar relating to the Bonds.

"Project Fund" means the Project Fund established by Section 8.01(a).

"Purchaser" means the purchaser of the Bonds named in Section 7.01.

"Record Date" means the fifteenth day of the month next preceding an Interest Payment Date.

"Register" means the Register specified in Section 3.06(a).

"Regulations" means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

"Representation Letter" means the Blanket Letter of Representations between the County and DTC.

"Special Payment Date" means the Special Payment Date prescribed by Section 3.03(b).

"Special Record Date" means the Special Record Date prescribed by Section 3.03(b).

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of the principal, redemption premium, if any, or interest on Bonds as the same become due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

Section 1.02. Other Definitions. The terms "Commissioners Court" and "County" shall have the meaning assigned in the preamble to this Order.

Section 1.03. Findings. The declarations, determinations and findings declared, made and found in the preamble to this Order are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.04. Table of Contents, Titles and Headings. The table of contents, titles and headings of the Articles and Sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Order or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.05. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Article and section references shall mean references to articles and sections of this Order unless designated otherwise.

(c) This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Order.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Tax Levy for Payment of the Bonds.

(a) In order 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 payment at maturity or a sinking fund of two percent (2%) per annum of the original principal amount of the Bonds (whichever is greater), there is hereby levied for the current year and each succeeding year thereafter, while the Bonds or interest thereon remain outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the County, at a rate sufficient, within the limit prescribed by law, to pay such debt service requirements, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the County most recently approved in accordance with law, and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Order.

(d) To the extent the County has available funds which may be lawfully used to pay debt service on the Bonds and such funds are on deposit in the Interest and Sinking Fund in advance of the time the County Commissioners are required to set a tax rate for any year, then such tax rate which otherwise would be required to be established pursuant to subsection (a) of this Section may be reduced to the extent and by the amount of such funds then on deposit in the Interest and Sinking Fund.

(e) If the liens and provisions of this Order shall be discharged in a manner permitted by Article XI, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit.

## ARTICLE III

## AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The County's bonds to be designated "Hunt County, Texas, Limited Tax Permanent Improvement Bonds, Series 2021," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including Chapters 1251 and 1301, Texas Government Code, as amended, and the bond election held on November 8, 2016. The Bonds shall be issued in the aggregate principal amount of $__________ for (i) constructing, improving and maintaining roads and bridges within the County, including the acquisition of land and rights-of-way therefor, including participating in the cost of joint projects with various state, city and regional council of government entities, and (ii) paying the costs of issuance associated with the sale of the Bonds.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated February 15, 2021, shall be in fully registered form, without coupons, in the denomination of $5,000 or any integral multiple thereof, and shall be numbered separately from one upward or such other designation acceptable to the County and the Paying Agent/Registrar.

(b) The Bonds shall mature on March 1 in the years and in the principal amounts set forth in the following schedule:

$__________ Serial Bonds

| Maturity | Principal Amount | Interest Rate | Maturity | Principal Amount | Interest Rate |
|---|---|---|---|---|---|
| 2022 | | | 2032 | | |
| 2023 | | | 2033 | | |
| 2024 | | | 2034 | | |
| 2025 | | | 2035 | | |
| 2026 | | | 2036 | | |
| 2027 | | | 2037 | | |
| 2028 | | | 2038 | | |
| 2029 | | | 2039 | | |
| 2030 | | | 2040 | | |
| 2031 | | | 2041 | | |

| $_________ Term Bonds | |
|---|---|
| Maturity | Interest Rate |
| 20___ | |

(c) Interest shall accrue and be paid on each Bond, respectively, until the payment of the principal amount thereof shall have been paid or provided for, from the later of the Closing Date, or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in subsection (b) above. Such interest shall be payable semiannually commencing on March 1, 2022, and on each September 1 and March 1 thereafter until maturity or prior redemption. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment.

(a) The principal of, premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on the Bonds shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be at least 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

(c) Interest on the Bonds shall be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment, United States mail, first class postage prepaid, to the address of such person as it appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the person in whose name such Bond is registered on the due date thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office 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 a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

(f) Unclaimed Payments shall be segregated in a special escrow account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the County to be used for any lawful purpose. Thereafter, neither the County, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04. <u>Execution and Initial Registration</u>.

(a) The Bonds shall be executed on behalf of the County by the County Judge and County Clerk of the County, by their manual or facsimile signatures, and the official seal of the County shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the County had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the County whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Order, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Order, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the County, and has been registered by the Comptroller.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the Representative or its designee, executed and registered as provided above, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Representative or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Underwriter registered definitive Bonds as described in Section 3.10(a). To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership.

(a) The County, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that interest is to be paid to the person in whose name the Bond is registered on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the County nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the County and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the County shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Order.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of $5,000 principal amount and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the County and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration or any subsequent transfer of Bonds, but the Paying Agent/Registrar will require the Owner to pay the reasonable cost incurred by the Paying Agent/Registrar in connection with the exchange of a Bond or Bonds for a different denomination where no simultaneous transfer of the Bond or Bonds to a new Owner also occurs. In addition, the Paying Agent/Registrar may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

(f) Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond so selected for redemption, in whole or in part, when such redemption is scheduled to occur within 45 days.

Section 3.07. Cancellation. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Order, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall then dispose of cancelled Bonds in accordance with the Securities Exchange Act of 1934.

Section 3.08. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the County may execute and, upon the County's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the County executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Order.

(c) The County, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar, at the Designated Payment/Transfer Office, of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The County or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected herewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide Purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the County to save them harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the County and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, a bona fide Purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the County and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide Purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the County or the Paying Agent/Registrar in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the County and shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10. Book-Entry Only System.

(a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Order. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, the County and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the register, shall receive a certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(c) The Representations Letter previously executed and delivered by the County, and applicable to the County's obligations delivered in book-entry-only form to DTC as securities depository, is hereby ratified and approved for the Bonds.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the County or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the County or the Paying Agent/ Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Section 3.12. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

## ARTICLE IV

## REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption.

(a) The County reserves the option to redeem Bonds having stated maturities on and after March 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030, or any date thereafter at a price of par value thereof plus accrued interest to the date of redemption.

(b) The County, at least forty-five (45) days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed

Section 4.03. Mandatory Sinking Fund Redemption.

(a) The Bonds stated to mature on March 1, 20__ (the "Term Bonds"), are subject to scheduled mandatory redemption and will be redeemed by the County, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth in the following schedule:

Term Bonds Maturing March 1, 20___

| Redemption Date | Principal Amount |
|---|---|
| March 1, 20__ | |
| March 1, 20__ | |
| March 1, 20__ | |
| March 1, 20__ | |

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the County, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption dates shall have been acquired by the County at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation.

Section 4.04. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Section 4.02 hereof, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

(b) A portion of a single Bond of a denomination greater than $5,000 may be redeemed, but only in a principal amount equal to $5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall treat each $5,000 portion of the Bond as though it were a single Bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Order, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

(d) The Paying Agent/Registrar shall promptly notify the County in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

Section 4.06. Payment Upon Redemption.

(a) Before or on each redemption date, the County shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the County and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Order and subject, in the case of an optional redemption under Section 4.02, to any conditions or rights reserved by the County under Section 4.08, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the County defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If the County shall fail to make provision for payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same.

Section 4.08. Conditional Notice of Redemption.

The County reserves the right, in the case of an optional redemption pursuant to Section 4.02 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

Section 4.09. Lapse of Payment. Money set aside for the redemption of the Bonds and remaining unclaimed by Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

## ARTICLE V

## PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

(a) The County hereby appoints BOKF, NA, Dallas, Texas, as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the County and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The County or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity.

(b) The County hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the County and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in the Order.

(c) The execution and delivery of the Paying Agent/Registrar Agreement, substantially in the form presented at this meeting, specifying the duties and responsibilities of the County and the Paying Agent/Registrar, is hereby approved with such changes as may be approved by the County Judge of the County or the County Auditor, and the County Judge, County Clerk and/or the County Auditor are hereby authorized to execute such agreement.

Section 5.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank, trust company, or other entity duly qualified and legally authorized under applicable law, to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the County will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Order.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the County will promptly appoint a replacement.

Section 5.04. Termination. The County reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated (i) forty-five (45) days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor paying agent/registrar has assumed the duties of paying agent/registrar for the Bonds.

Section 5.05. Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the County will cause notice of the change to be sent to each Owner by United States mail, first class postage prepaid, at the address in the Register, stating the effective date of the change and the name of the replacement Paying Agent/Registrar and the mailing address of its Designated Payment/Transfer Office.

Section 5.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Order and that it will perform the duties and functions of Paying Agent/Registrar prescribed hereby.

Section 5.07. Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

## ARTICLE VI

## FORM OF THE BONDS

Section 6.01. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the County or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds, if any, shall be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of Bonds. The form of Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Bond of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order:

(a) Form of Bonds.

REGISTERED                                                                 REGISTERED
No. R-_________                                                                 $_______

United States of America
State of Texas
HUNT COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BOND
SERIES 2021

| INTEREST RATE: | MATURITY DATE: | CLOSING DATE: | CUSIP NUMBER: |
|---|---|---|---|
| _______% | March 1, 20__ | March 24, 2021 | ______ ___ |

Hunt County (the "County"), State of Texas, for value received, hereby promises to pay to

______________________________

or registered assigns, on the Maturity Date specified above, the sum of

______________________________ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, 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 to be paid semiannually on March 1 and September 1 of each year, commencing March 1, 2022.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of BOKF, NA (the "Designated Payment/Transfer Office"), as the initial Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. At the option of an Owner of at least $1,000,000 principal amount of the Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date"), which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the County in which the Designated Payment/Transfer Office 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 a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds dated February 23, 2021, specified in the title hereof issued in the aggregate principal amount of $__________ (herein referred to as the "Bonds") pursuant to a certain order of the Commissioners Court of the County (the "Order") for the public purpose of providing funds (i) constructing, improving and maintaining roads and bridges within the County, including the acquisition of land and rights-of-way therefor; including participating in the cost of joint projects with various state, city and regional council of government entities, and (ii) paying the costs of issuance associated with the sale of the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, within the limit prescribed by law, against all taxable property in the County as described and provided in the Order.

The County has reserved the option to redeem the Bonds maturing on or after March 1, 2031, in whole or in part, before their respective scheduled maturity dates, on March 1, 2030, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the County shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Bonds maturing on March 1, 20__ (the "Term Bonds"), are subject to scheduled mandatory redemption and will be redeemed by the County, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth below.

Term Bonds Maturing March 1, 20__

| Redemption Date | Principal Amount |
| --- | --- |
| March 1, 20__ | |
| March 1, 20__ | |
| March 1, 20__ | |
| March 1, 20__ | |

*maturity

The Paying Agent/Registrar will select by lot the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of $5,000, each $5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the County, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the County at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; and, from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

In the Order, the County reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the County to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the county in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

As provided in the Order, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The County, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the County nor the Paying Agent/Registrar shall be affected by notice to the contrary.

Neither the County nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the County, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the County has caused this Bond to be executed by the manual or facsimile signature of the County Judge, countersigned by the manual or facsimile signature of the County Clerk of the County, and the official seal of the County has been duly impressed or placed in facsimile on this Bond.

| | |
|---|---|
| ______________________________ | ______________________________ |
| County Clerk, Hunt County | County Judge, Hunt County |

[SEAL]

(b) Form of Comptroller's Registration Certificate. The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

| | | |
|---|---|---|
| OFFICE OF THE COMPTROLLER | § | |
| OF PUBLIC ACCOUNTS | § | REGISTER NO. ___________ |
| OF THE STATE OF TEXAS | § | |

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the County of Hunt, Texas; and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, ____________________.

______________________________
Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar. The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of Bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Order.

BOKF, NA,
as Paying Agent/Registrar

Dated: ____________________ By: ________________________________
Authorized Signatory

(d) 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 hereunder and hereby irrevocably constitutes and appoints ____________________ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: ______________________________

Signature Guaranteed By:

______________________________
Authorized Signatory

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 and must be guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers.

(e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Section, except for the following alterations:

(i) immediately under the name of the Bond the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As shown below," and the reference to the "CUSIP NUMBER ___" shall be deleted;

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on March 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

| Years | Principal Installments | Interest Rates |
|---|---|---|

(Information to be inserted from Section 3.02); and

(iii) the Initial Bond shall be numbered T-1.

Section 6.03. CUSIP Registration. The County may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the County nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion. The approving legal opinion of Bracewell LLP, Bond Counsel, may be printed on the back of each Bond over the certification of the County Clerk of the County, which may be executed in facsimile.

Section 6.05. Municipal Bond Insurance. If municipal bond guaranty insurance is obtained with respect to the Bonds, the Bonds, including the Initial Bond, may bear an appropriate legend, as provided by the insurer.

## ARTICLE VII

## SALE OF THE BONDS; CONTROL AND DELIVERY OF THE BONDS

Section 7.01. Sale of Bonds; Official Statement.

(a) The Bonds, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to ____________ (the "Purchaser") for a purchase price equal to the principal amount thereof plus a cash premium of $__________, being the bid which produced the lowest true interest cost to the County. The Initial Bond shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, are hereby in all respects approved and adopted and is hereby deemed final as of its date within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The final Official Statement (the "Official Statement") presented to and considered at this meeting is hereby in all respects approved and adopted and the County Judge and the County Clerk are hereby authorized and directed to execute the same and deliver appropriate numbers of executed copies thereof to the Purchaser. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the County Judge and/or County Auditor and the Purchasers, may be used by the Purchaser in the public offering and sale thereof. The County Clerk is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement, and the preliminary public offering of the Bonds by the Purchaser, is hereby ratified, approved and confirmed.

(c) All officers of the County are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the terms of sale therefor.

(d) The obligation of the Purchaser identified in subsection (a) of this Section to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the City, which opinion shall be dated and delivered the Closing Date.

Section 7.02. Control and Delivery of Bonds.

(a) The County Judge is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the County is hereby authorized and directed to issue a check of the County payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount not to exceed $9,500).

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Purchaser under and subject to the general supervision and direction of the County Judge or County Auditor, against receipt by the County of all amounts due to the County under the terms of sale.

## ARTICLE VIII

## CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01. Creation of Funds.

(a) The County hereby establishes the following special funds or accounts, which may be renamed as appropriate in the Pricing Certificate:

(i) Hunt County, Texas, Limited Tax Permanent Improvement Bonds, Series 2021, Interest and Sinking Fund; and

(ii) Hunt County, Texas, Limited Tax Permanent Improvement Bonds, Series 2021, Project Fund.

(b) Each of said funds or accounts shall be maintained at an official depository of the County.

Section 8.02. Interest and Sinking Fund.

(a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Bonds.

(b) If the amount of money in the Interest and Sinking Fund is at least equal to the aggregate principal amount of the outstanding Bonds plus the aggregate amount of interest due and that will become due and payable on such Bonds, no further deposits to that fund need be made.

(c) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds as such become due and payable.

Section 8.03. Project Fund.

(a) Money on deposit in the Project Fund, including investment earnings thereon, shall be used for the purposes specified in Section 3.01(i) of this Order.

(b) All amounts remaining in the Project Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings of the Project Fund, shall be deposited into the Interest and Sinking Fund.

Section 8.04. Security of Funds. All moneys on deposit in the funds and accounts referred to in this Order 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 moneys on deposit in such funds shall be used only for the purposes permitted by this Order.

Section 8.05. Deposit of Proceeds. The proceeds from the sale of the Bonds shall be applied as follows:

(a) The amount of $6,000,000, representing $__________ of principal and $______ of premium on the Bonds allocated to voted authorization, shall be deposited to the Project Fund for the purposes set out in Section 3.01(i) of the Order.

(b) Premium received on the Bonds in the amount of $_______ shall be used to pay the costs of issuing the Bonds. To the extent any such sum is not used for such purpose, such excess shall be deposited to the Interest and Sinking Fund.

Section 8.06. Investments.

(a) Money in the Interest and Sinking Fund and the Project Fund, at the option of the County, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which money is invested pursuant to Section 8.06(a) shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the fund from which the investment was made.

Section 8.07. Investment Income. Interest and income derived from investment of any fund or account created by this Order shall be credited to such fund or account.

## ARTICLE IX

## PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds. While any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

Section 9.02. Other Representations and Covenants.

(a) The County will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Order and in each Bond; the County will promptly pay or cause to be paid the principal of, interest on, and premium, if any, with respect to, each Bond on the dates and at the places and manner prescribed in such Bond; and the County will, at the times and in the manner prescribed by this Order, deposit or cause to be deposited the amounts of money specified by this Order.

(b) The County is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the County in accordance with their terms.

Section 9.03. Federal Income Tax Matters.

(a) General. The County covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the County covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the County in connection with the Bonds.

(b) No Private Activity Bonds. The County covenants that it will use the proceeds of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the County will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to be a "private activity bond" unless it takes a remedial action permitted by section 1.141-12 of the Regulations.

(c) No Federal Guarantee. The County covenants not to take any action or omit to take any action that, if taken or omitted, would cause the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The County covenants not to take any action or omit to take action that, if taken or omitted, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code.

(e) No Arbitrage Bonds. The County covenants that it will make such use of the proceeds of the Bonds (including investment income) and regulate the investment of such proceeds of the Bonds so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code.

(f) Required Rebate. The County covenants that, if the County does not qualify for an exception to the requirements of section 148(f) of the Code, the County will comply with the requirement that certain amounts earned by the County on the investment of the gross proceeds of the Bonds, be rebated to the United States.

(g) Information Reporting. The County covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning the Bonds in accordance with section 149(e) of the Code.

(h) Record Retention. The County covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

(i) Registration. If the Bonds are "registration-required bonds" under section 149(a)(2) of the Code, the Bonds will be issued in registered form.

(j) Favorable Opinion of Bond Counsel. Notwithstanding the foregoing, the County will not be required to comply with any of the federal tax covenants set forth above if the County has received an opinion of nationally recognized bond counsel that such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(k) Qualified Tax-Exempt Obligations. The County hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of section 265(b) of the Code. In connection therewith, the County represents (a) that the aggregate amount of tax-exempt obligations issued by the County during calendar year 2021, including the Bonds, that have been designated as "qualified tax-exempt obligations" under section 265(b)(3) of the Code does not exceed $10,000,000, and (b) that the reasonably anticipated amount of tax-exempt obligations that will be issued by the County during calendar year 2021, including the Bonds, will not exceed \$10,000,000. For purposes of this Section 9.03(k), the term "tax-exempt obligation" does not include "private activity bonds" within the meaning of section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code, or any obligations issued to currently refund any obligation to the extent the amount of the refunding obligation did not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section 9.03(k), the County includes all entities that are aggregated within the County under section 265(b) of the Code.

(l) Official Intent. For purposes of section 1.150-2(d) of the Regulations, to the extent that an official intent to reimburse has not previously been adopted by the County, this Order serves as the County's official declaration of intent to use proceeds of the Bonds to reimburse itself from proceeds of the Bonds issued in the maximum amount authorized by this Order for certain expenditures paid in connection with the projects set forth herein. Any such reimbursement will only be made (i) for an original expenditure paid no earlier than 60 days prior to the date hereof and (ii) not later than 18 months after the later of (A) the date the original expenditure is paid or (B) the date of with the project to which such expenditure relates is placed in service or abandoned, but in to event more than three years after the original expenditure is paid.

(m) Continuing Compliance. Notwithstanding any other provision of this Order, the County's obligations under the federal tax covenants set forth above will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

## ARTICLE X

## DEFAULT AND REMEDIES

Section 10.01. Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an "Event of Default," to-wit:

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

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

Section 10.02. Remedies for Default.

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

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03. Remedies Not Exclusive.

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

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

## ARTICLE XI

## DISCHARGE

Section 11.01. Discharge by Payment. The Bonds may be defeased, refunded and discharged in any manner permitted by applicable law.

## ARTICLE XII

## CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Definitions of Continuing Disclosure Terms. As used in this Article, the following terms have the meanings assigned to such terms below:

"EMMA" means the Electronic Municipal Market Access system.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"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.

Section 12.02. Annual Reports.

(a) The County shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the County, financial information and operating data with respect to the County of the general type included in the final Official Statement, being information of the type described in Exhibit A, including financial statements of the County if audited financial statements of the County are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the County, when and if available, and in any event, within 12 months after the end of each fiscal year. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A or such other accounting principles as the County may be required to employ, from time to time, by 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 12 months after any such fiscal year end, then the County shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(b) If the County changes its fiscal year, it will notify 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) All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. 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 on the MSRB's Internet Web site or filed with the SEC.

Section 12.03. Material Event Notices.

(a) The County shall notify the MSRB, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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;

(vii) Modifications to rights of holders of the Bonds, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the County;

(xiii) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, 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;

(xiv) Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material;

(xv) Incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

For these purposes, (A) any event described in the immediately preceding clause (xii) 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 of business of the County, and (B) the County intends the words used in the immediately preceding clauses (xv) and (xvi) in this Section and in the definition of Financial Obligation in Article I to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

(b) The County shall notify the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 12.02 of this Order by the time required by such Section.

Section 12.04. Limitations, Disclaimers and Amendments.

(a) The County shall be obligated to observe and perform the covenants specified in this Article 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 Article XI that causes Bonds no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, 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 Article 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 Article 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 OWNER 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 WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, 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.

(c) No default by the County in observing or performing its obligations under this Article shall comprise a breach of or default under the Order for purposes of any other provisions of this Order.

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

(e) The provisions of this Article 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 Article, 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 Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions 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 Owners and beneficial owners of the Bonds. If the County so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 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.

(f) Any obligation of the County to expend funds pursuant to the provisions of this Article shall be subject to the appropriation of said funds by the Commissioners Court from sources of funds legally available for such purpose.

## ARTICLE XIII

## AMENDMENTS

Section 13.01. Amendments.

This Order shall constitute a contract with the Owners, be binding on the County, 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 consent of or notice to any Owners, from time to time and at any time, amend this Order in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the County may, with the written consent of the Owners of the Bonds holding a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of this Order; provided that, without the consent of all Owners of outstanding Bonds, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition, or rescission.

## ARTICLE XIV

## MISCELLANEOUS

Section 14.01. Changes to Order. The County Judge and the County Auditor, in consultation with Bond Counsel, are hereby authorized to make changes to the terms of this Order if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 14.02. Partial Invalidity. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Order.

Section 14.03. <u>No Personal Liability</u>. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Order, against any official or employee of the County or any person executing any Bonds.

Section 14.04. <u>Severability</u>. 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.

APPROVED AND ADOPTED this February 23, 2021.

County Judge, Hunt County, Texas

ATTEST:

County Clerk, Hunt County, Texas

[SEAL]

## EXHIBIT A

## DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Order.

**Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the County to be provided annually in accordance with such Article, unless otherwise specifically identified in the Pricing Certificate, are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the County appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

2. Statistical and financial data set forth in Tables 1-7 and 9-14, inclusive.

**Accounting Principles**

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

APPROVED AND ADOPTED this February 23, 2021.

County Judge, Hunt County, Texas

ATTEST:

County Clerk, Hunt County, Texas

[SEAL]

#16,628

**OFFICIAL BID FORM**

FILED FOR RECORD
at 3:15 o'clock P M
FEB 23 2021
JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX
By

Honorable Judge and County Commissioners
Hunt County, Texas

February 22, 2021

Honorable Judge and Members of the County Commissioners:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated February 9, 2021 of $5,745,000 HUNT COUNTY, TEXAS LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021, both of which constitute a part hereof.

For your legally issued Bonds, as described in said Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you par plus a cash premium of $330,337.50 for the Bonds maturing and bearing interest as follows:

| Maturity | Principal Amount | Interest Rate | Maturity | Principal Amount | Interest Rate | Maturity | Principal Amount | Interest Rate |
|---|---|---|---|---|---|---|---|---|
| 3/1/2022 | $ 140,000 | 3.750% | 3/1/2029 | $ 260,000 | 3.750% | 3/1/2035 | $ 295,000 | 1.450% |
| 3/1/2023 | 585,000 | 3.750% | 3/1/2030 | 265,000 | 3.750% | 3/1/2036 | 300,000 | 1.500% |
| 3/1/2024 | 225,000 | 3.750% | 3/1/2031 | 270,000 | 2.500% | 3/1/2037 | 305,000 | 1.550% |
| 3/1/2025 | 230,000 | 3.750% | 3/1/2032 | 275,000 | 2.000% | 3/1/2038 | 310,000 | 1.600% |
| 3/1/2026 | 235,000 | 3.750% | 3/1/2033 | 285,000 | 1.300% | 3/1/2039 | 320,000 | 1.650% |
| 3/1/2027 | 245,000 | 3.750% | 3/1/2034 | 290,000 | 1.400% | 3/1/2040 | 325,000 | 1.700% |
| 3/1/2028 | 250,000 | 3.750% | | | | 3/1/2041 | 335,000 | 1.750% |

Of the principal maturities set forth in the table above, term bonds have been created as indicated in the following table (which may include multiple term bonds, one term bond or no term bond if none is indicated). For those years which have been combined into a term bond, the principal amount shown in the table above shall be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the term bond maturity date shall mature in such year. The term bonds created are as follows:

| Maturity Date March 1 | Year of First Mandatory Redemption | Principal Amount | Interest Rate |
|---|---|---|---|
| | | $ | % |
| | | $ | % |
| | | $ | % |
| | | $ | % |
| | | $ | % |

Our calculation (which is not a part of this bid) of the true interest cost from the above is:

TRUE INTEREST COST 1.472652%

The Initial Bonds shall be registered in the name of ______________________, which will, upon payment for the Bonds, be canceled by the Paying Agent/Registrar. The Bonds will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

A bank cashier's check or certified check of the Frost Bank, Austin, TX, in the amount of $114,900.00, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Preliminary Official Statement and Notice of Sale and Bidding Instructions.

In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the County may not award the Bonds to a bidder unless the winning bidder either: (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the County as prescribed by the Texas Ethics Commission ("TEC"), or (ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the County, upon notification of conditional verbal acceptance, the undersigned will complete an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the ("TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the County at bballard@huntcounty.net and County's financial advisor at nick.bulaich@hilltopsecurities.com The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the County from providing final written award of the enclosed bid.

The Purchaser (mark one): (i) Agrees to timely make a filing of a completed Disclosure Form with the County [X] or (ii) Hereby certifies that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity [ ]. If the bid is accepted by the County, this bid shall thereupon become a contract of purchase for the County under the terms contained in this Official Bid Form and in the Notice of Sale and Bidding Instructions. We hereby acknowledge that we have received and read the Notice of Sale and Bidding Instructions and Preliminary Official Statement referred to above.

The undersigned also agrees to provide the County and its consultants, at least ten business days prior to the delivery of the Bonds, a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

We agree to accept delivery of the Bonds utilizing the Book-Entry-Only System through DTC and make payment for the Initial Bond in immediately available funds in the Corporate Trust Division, BOKF, N.A., not later than 10:00 AM, CST, on March 24, 2021, or thereafter on the date the Bonds are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

By executing this Bid Form, the bidder represents that, to the extent Section 2271.002 of the Texas Government Code is applicable to the sale of the Bonds, solely for purposes of compliance with Chapter 2271 of the Texas Government Code, and subject to applicable Federal law, neither the bidder nor any syndicate member listed on the Official Bid Form nor any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the same, (i) boycotts Israel or (ii) will boycott Israel through the delivery date of the Bonds. For purposes of this representation, the terms "boycotts Israel" and "boycott Israel" have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended.

Additionally, by executing this Bid Form, the bidder also represents that, to the extent the bid for the Bonds represents a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, neither the bidder nor a syndicate member listed on the Official Bid Form, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same is an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

**We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award.**

Respectfully submitted,

Baird
Name of Underwriter or Manager

Geoff Kuczmarski
Authorized Representative

414 765 7331
Phone Number

Geoff Kuczmarski
Signature

Syndicate Members:

______________________

______________________

______________________

______________________

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Hunt County, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 23rd day of February, 2021.

ATTEST:

County Clerk

Judge
Hunt County, Texas

COMMISSIONERS COURT OF HUNT COUNTY, TEXAS

#16.628

PAYING AGENT/REGISTRAR AGREEMENT

between the

HUNT COUNTY, TEXAS

and

BOKF, NA

Pertaining to

Hunt County, Texas
Limited Tax Permanent Improvement Bonds
Series 2021

Dated as of February 23, 2021

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#8014254.1

## ARTICLE VI

## MISCELLANEOUS PROVISIONS

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this "Agreement") is by and between Hunt County, Texas (the "Issuer") and BOKF, NA (the "Bank"), a national banking association duly organized under the laws of the United States of America and authorized to do business in the State of Texas.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Limited Tax Permanent Improvement Bonds, Series 2021 (the "Bonds"), dated as of February 15, 2021 to be issued as registered securities without coupons; and

WHEREAS, all things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof; and

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent for the Issuer in paying the principal and redemption premium, if any, of and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds; and

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed to the following terms:

ARTICLE I

APPOINTMENT OF BANK AS
PAYING AGENT AND REGISTRAR

Section 1.01. Appointment. (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

Section 1.02. Compensation. (a) As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for the first year of this Agreement, or such part thereof, as this Agreement shall be in effect, and thereafter while this Agreement is in effect, the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

(b) In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof, including the reasonable compensation and the expenses and disbursements of its agents and counsel.

Section 1.03. Anti-Boycott Verification. The Bank hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Bank understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 1.04. Iran, Sudan and Foreign Terrorist Organizations. The Bank represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website: https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf, https://comptroller.texas.gov/purchasing/docs/iran-list.pdf, or https://comptroller.texas.gov/purchasing/docs/fto-list.pdf. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law neither the Bank nor any wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

Section 1.05. Form 1295 Exemption. For purposes of Section 2252.908, Texas Government Code, as amended, the Bank hereby certifies that it is a wholly owned subsidiary of a publicly traded business entity. The term "business entity" as used in this paragraph means any entity recognized by law through which business is conducted, including a sole proprietorship, partnership, or corporation.

## ARTICLE II

## DEFINITIONS

Section 2.01. Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

"Bank" means BOKF, NA.

"Designated Payment/Transfer Office" means the principal corporate trust office of the Bank located at 5956 Sherry Lane, Suite 1201, Dallas, Texas 75225 or in such other location as designated by the Paying Agent/Registrar. The Bank will notify the Issuer in writing of any change in location of the Designated Payment/Transfer Office.

"Financial Advisor" means Hilltop Securities Inc., its successors and assigns.

"Fiscal Year" means the fiscal year of the Issuer.

"Issuer" means Hunt County, Texas.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by an authorized representative of the Issuer and delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Bond" or "Bonds" means any or all of the Issuer's Limited Tax Permanent Improvement Bonds, Series 2017, dated as of June 1, 2017.

"Order" means, the authorizing document of the governing body of the Issuer pursuant to which the Bonds are issued, certified by the County Clerk of the governing body of the Issuer or any other officer of the Issuer and delivered to the Bank.

"Owner" means the Person in whose name a Bond is registered in the Register.

"Paying Agent" means the Bank when it is performing the functions associated with the terms in this Agreement.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

"Record Date" means the fifteenth day of the month next preceding an Interest Payment Date.

"Register" means a register in which the Issuer shall provide for the registration and transfer of Bonds.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice Chairman of the Board of Directors, the Chairman or Vice Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Stated Maturity" means the date specified in the Order as the fixed date on which the principal of the Bond is due and payable or the date fixed in accordance with the terms of the Order for redemption of the Bonds, or any portion thereof, prior to the fixed maturity date.

## ARTICLE III

## PAYING AGENT

Section 3.01. Duties of Paying Agent. (a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Bond or Bonds so maturing at the Designated Payment/Transfer Office, the principal amount of the Bond or Bonds then maturing,.provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Bonds to each Owner of the Bonds (or their Predecessor Bonds) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the checks on each interest payment date addressed to each Owner's address as it appears on the Register.

Section 3.02. Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Bonds at the dates specified in the Order.

## ARTICLE IV

## REGISTRAR

Section 4.01. Transfer and Exchange. (a) The Issuer shall keep the Register at the Designated Payment/Transfer Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished the Bank herewith or subsequent hereto by Issuer Order, the Issuer shall provide for the registration and transfer of the Bonds. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Bonds as herein provided. The Bank agrees to maintain the Register while it is Registrar.

(b) The Bank as Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Bond or Bonds as provided in such instructions. The provisions of the Order shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Order.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed in a manner satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a reregistration.

Section 4.02. <u>The Bonds</u>. The Issuer shall provide an adequate inventory of unregistered Bonds to facilitate transfers. The Bank covenants that it will maintain the unregistered Bonds in safekeeping and will use reasonable care in maintaining such unregistered Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. <u>Form of Register</u>. (a) The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

(b) The Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. <u>List of Owners</u>. (a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

(b) The Bank will not release or disclose the content of the Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.05. <u>Cancellation of Bonds</u>. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bank. All canceled Bonds held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Bonds. (a) Subject to the provisions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Bonds in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds as long as the same does not result in an overissuance.

(b) If (i) any mutilated Bond is surrendered to the Bank, or the Issuer and the Bank receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then, in the absence of notice to the Issuer or the Bank that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute and upon its request the Bank 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 of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) 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 Issuer, 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 the Order equally and ratably with all other outstanding Bonds.

(d) Upon the satisfaction of the Bank and the Issuer that a Bond has been mutilated, destroyed, lost or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Bond number on the Bond registered with a notation in the Register that said Bond has been mutilated, destroyed, lost or stolen; and a new Bond shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost or stolen Bond.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Bonds and any future substitute blanket bond for lost, stolen, or destroyed Bonds that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen or destroyed Bonds by the Bank is available for inspection by the Issuer on request.

Section 4.07. Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.01, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds pursuant to Section 4.06 of this Agreement.

## ARTICLE V

## THE BANK

Section 5.01. Duties of Bank. The Bank undertakes to perform the duties set forth herein and in accordance with the Order and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Bonds to pay the Bonds as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Bonds in the manner described in the closing memorandum prepared by the Issuer's Financial Advisor or other agent on behalf of the Issuer. The Bank may act on a facsimile or email transmission of the closing memorandum acknowledged by the Issuer's Financial Advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and the Bank.

Section 5.03. Recitals of Issuer. (a) The recitals contained herein and in the Bonds shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners or any other Person for any amount due on any Bond except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04. May Hold Bonds. The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/ Registrar, or any other agent.

Section 5.05. Money Held by Bank. (a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

(b) The Bank shall be under no liability for interest on any money received by it hereunder.

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal or redemption premium, if any, of or interest on any Bond and remaining unclaimed for three years after final maturity of the Bond will be paid by the Bank to the Issuer, and the Owner of such Bond shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

(e) The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Bonds, with such moneys in the account that exceed the deposit insurance available to the Issuer provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on the Bonds have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Bonds shall, at its own expense and risk, request such other medium of payment.

Section 5.06. Indemnification. The Issuer agrees to indemnify the Bank, its officers, directors, employees and agents for, and hold them harmless against, any loss, liability or expense incurred without negligence or bad faith on their part, arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Article V of the Order, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement, to the extent allowed by law.

Section 5.07. Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit in a court of competent jurisdiction within the State of Texas; waive personal service of any process; and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any person claiming any interest herein.

## ARTICLE VI

## MISCELLANEOUS PROVISIONS

Section 6.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown below:

| | |
|---|---|
| if to the Issuer: | Hunt County, Texas<br>2507 Lee Street<br>Greenville, Texas 75401<br>Attention: County Judge |
| if to the Bank: | BOKF, NA<br>Corporate Trust Department<br>5956 Sherry Lane, Suite 1201<br>Dallas, TX 75225 |

Section 6.04. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06. Separability. In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 6.08. Entire Agreement. This Agreement and the Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/ Registrar and if any conflict exists between this Agreement and the Order, the Order shall govern.

Section 6.09. Counterparts. This Agreement may be executed in any number of counterparts, each which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination. (a) This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal and interest of the Bonds.

(b) This Agreement may be earlier terminated upon 60 days written notice by either party, provided that no resignation by the Bank shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement. The resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within sixty (60) days after the giving of notice of resignation.

(c) The provisions of Section 1.02 and of Article V shall survive, and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

HUNT COUNTY, TEXAS

By: ______________________________
County Judge

ATTEST

______________________________
County Clerk

BOKF, NA
as Paying Agent/Registrar

By: ______________________________
Title: ______________________________

ANNEX A

Fee Schedule

See Attached

#16,628

# GENERAL AND NO-LITIGATION CERTIFICATE

We, the undersigned, County Judge, County Clerk and County Auditor, respectively, of Hunt County, Texas (the "County"), hereby certify the following information:

## I. General

1.1. This certificate is executed for and on behalf of said County with reference to the issuance of the HUNT COUNTY, TEXAS LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021 (the "Bonds"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the order adopted by the Commissioners Court on February 23, 2021 (the "Order") authorizing the issuance of the Bonds.

1.2. The County is a duly created and existing county of the State of Texas operating under the Constitution and laws of the State of Texas.

1.3. As of the date hereof, the duly constituted and acting members of the Commissioners Court and certain other officers of the County are as follows:

Bobby W. Stovall, County Judge
Mark Hutchins, Commissioner, Precinct No. 1
Randy Strait, Commissioner, Precinct No. 2
Phillip Martin, Commissioner, Precinct No. 3
Steven Harrison, Commissioner, Precinct No. 4
Bruce Ballard, County Auditor
Jennifer Lindenzweig, County Clerk
Randy Wineinger, Tax Assessor/Collector

FILED FOR RECORD
at 3:45 o'clock P M
FEB 23 2021
JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX
By

1.4. The November 8, 2016 election at which the Bonds were approved by the electorate of the County was held in compliance with the Federal Voting Rights Act of 1965, as amended, and applicable State law, including Chapter 272, Texas Election Code, as amended.

1.5. After giving effect to the issuance of the Bonds, the total principal amount of presently outstanding indebtedness of the County payable from ad valorem tax levied pursuant to Article VIII, Section 9, of the Texas Constitution, is $12,495,000.

1.6. According to the tax rolls of the County for the tax year 2021, which are the latest approved tax rolls of the County, the total assessed value of real property and personal property subject to taxation by the County is $7,484,140,858.

1.7. A true and correct statement of the debt service schedule for the Bonds and all other outstanding indebtedness of the County payable from an ad valorem tax levied pursuant to Article VIII, Section 9, of the Texas Constitution is set forth in Table 9 – "GENERAL OBLIGATION DEBT SERVICE REQUIREMENT" OF THE County's Official Statement, such table being incorporated by reference herein for all purposes.

1.8. The County is not in default in the payment of principal or interest on any of its outstanding obligations.

1.9. Neither the corporate existence or boundaries of the County or the title of its present officers to their respective offices is being contested, and no authority or proceedings for the issuance of the Obligations have been repealed, revoked, or rescinded.

1.10. A true and correct statement of the debt service tax rate for the County is set forth in Table 5 – "TAX RATE DISTRIBUTION ANALYSIS" of the County's Official Statement, such table being incorporated herein by reference.

1.11. With respect to the contracts contained within this transcript of proceedings, all disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provision, have been made.

1.12. The Bonds and the County's Limited Tax Permanent Improvement Bonds, Series 2017 are the only outstanding bonds of the County issued for the purposes of improving roads and bridges in the County. The amount of such bonds issued for bridge bonds under Section 1301.003(a)(4), Texas Government Code, as amended, does not exceed 1.5% of the County's taxable value of $9,961,156,554 for tax year 2021, according to the tax rolls of the County for the tax year 2021.

II. Official Statement

2.1. The descriptions and statements of or pertaining to the County contained in the Official Statement for the Bonds, and any addenda, supplement or amendment thereto on the date of Official Statement, on the date of sale of the Bonds and on the date hereof, were and are true and correct in all material respects.

2.2. Insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2.3. Insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County, and their activities contained in such Official Statement are concerned, said statements and data have been obtained from sources which the County believes to be reliable, and the County has no reason to believe they are untrue in any material respect.

2.4. There has been no material adverse change in the financial condition of the County since the date of the last audited financial statements of the County.

III. Signature Identification and No Litigation

3.1. The undersigned County Judge and County Clerk officially executed and signed the Bonds, including the initial Bond delivered to the purchaser of the Bonds (the "Initial Bond"), by manual signature or by causing facsimiles of our manual signatures to be imprinted or lithographed on each of the Bonds, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Bonds; at the time we so executed and signed the Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same; and we have caused the official seal of the County to be impressed, printed, or lithographed on each of the Bonds, and said seal on the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the County.

3.2. The Bonds, including the Initial Bond, are substantially in the form, and have been duly executed and signed in the manner prescribed in the Order.

3.3. No litigation is pending or, to our knowledge, threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, the levy or the collection of the ad valorem taxes to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the Order authorizing the issuance of the Bonds, the powers of the County or contesting the authorization of the Bonds, the Order, or contesting in any way the accuracy, completeness or fairness of the Official Statement relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

EXECUTED AND DELIVERED ON February 23, 2021.

| Manual Signatures | Official Titles |
|---|---|
| ______________________ | County Judge, Hunt County, Texas |
| ______________________ | County Clerk, Hunt County, Texas |
| ______________________ | County Auditor, Hunt County, Texas |

STATE OF TEXAS §
§
COUNTY OF HUNT §

Before me, the undersigned authority, on this day personally appeared Bobby W. Stovall, Jennifer Lindenzweig and Bruce Ballard, the County Judge, County Clerk and County Auditor, respectively, of Hunt County, Texas, each known to me to be the person who signed the above and each acknowledged to me that such person executed the above and foregoing Certificate in my presence for the purposes stated therein.

Given under my hand and seal of office this 23rd February 2021

______________________
Notary Public, State of Texas

NOTARY SEAL
AMANDA L BLANKENSHIP
My Notary ID # 125007534
Expires August 31, 2021

*Signature Page for General and No-Litigation Certificate*

HUNT COUNTY, TEXAS

February 23, 2021

#16.628

at 3:15 o'clock P M FILED FOR RECORD
FEB 23 2021
JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX
By

The Attorney General of Texas
William P. Clements Building
300 West 15th Street, 7th Floor
Austin, Texas 78701
Attention: Public Finance Section

Comptroller of Public Accounts
Thomas Jefferson Rusk Building
208 East 10th Street, Room 448
Austin, Texas 78701
Attention: Bond Registration

Re: Hunt County, Texas, Limited Tax Permanent Improvement Bonds, Series 2021

To the Attorney General:

The executed Initial Bond of the captioned series has been or soon will be delivered to you for examination and approval. In this connection, enclosed herewith is a General and No-Litigation Certificate executed and completed except as to date. When the Initial Bond has received your approval and is ready for delivery to the Comptroller of Public Accounts for registration, this letter will serve as your authority to insert the date of your approval in the General and No-Litigation Certificate and deliver the Initial Bond to the Comptroller.

Should litigation in any way affecting such Bonds develop, the undersigned will notify you at once by telephone and telecommunication. You may be assured, therefore, that there is no such litigation at the time the Initial Bond is finally approved by you, unless you have been advised otherwise.

To the Comptroller:

The approved Initial Bond of the captioned series will be delivered to you by the Attorney General of Texas. You are hereby requested to register the Initial Bond as required by law and by the proceedings authorizing such Initial Bond.

Following registration, you are hereby authorized and directed to notify and deliver the Initial Bond to Bracewell LLP, Dallas, Texas.



#8014200.1

Please deliver to Bracewell LLP, Dallas, Texas, five copies of each of the following:

1. Attorney General's approving opinion; and

2. Comptroller's signature certificate.

Very truly yours,

HUNT COUNTY, TEXAS

By: ______________________
County Judge

HUNT COUNTY, TEXAS

#16,628

February 23, 2021

at 3:15 o'clock P M
FILED FOR RECORD
FEB 23 2021
JENNIFER LINDENZWEIG
County Clerk, Hunt County TX
By

BOKF, NA
Corporate Trust Department
5956 Sherry Lane, Suite 1201
Dallas, TX 75225

Re: Hunt County, Texas, Limited Tax Permanent Improvement Bonds, Series 2021

Ladies and Gentlemen:

Hunt County, Texas (the "Issuer") and the Purchaser of the above captioned series of Bonds (the "Bonds") have designated your bank as the place, and as their agent, for the delivery and payment of the Bonds. The initial Bond of this series (the "Initial Bond") is being delivered to you and you are hereby authorized and directed to hold the Initial Bond for safekeeping pending said delivery and payment.

Upon your receipt of the final unqualified legal opinion of Bracewell LLP, as to the validity of the Bonds and upon receipt of payment therefor, you are authorized and directed to cancel the Initial Bond and to deliver the definitive Bonds to DTC on behalf of the Purchaser.

You are further authorized and directed to apply the aforesaid proceeds received from the delivery and payment of the Bonds immediately upon receipt in accordance with instructions provided by the Issuer's Financial Advisor and appropriate staff.

Sincerely,

HUNT COUNTY TEXAS

County Judge

#8014194.1

CLOSING CERTIFICATE PURSUANT TO OFFICIAL STATEMENT

I, the undersigned authorized representative of Hunt County, Texas (the "County") make this certificate in connection with the issuance and delivery of the Hunt County, Texas Limited Tax Permanent Improvement Bonds, Series 2021 (the "Bonds").

This Certificate is delivered pursuant to the provisions of the Official Statement, dated February 23, 2021 (the "Official Statement"). Capitalized terms used herein as defined terms and not otherwise defined herein have the meanings assigned to them in the Order dated February 23, 2021 authorizing the issuance of the Bonds. I hereby certify as follows:

1. The descriptions and statements of or pertaining to the County contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects.

2. Insofar as the County and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect.
3. Insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect.
4. There has been no material adverse change in the financial condition of the County since the date of the last audited financial statements of the County.

[Execution Page Follows]

#16,628

FILED FOR RECORD
at 3:15 o'clock P M

FEB 23 2021

JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX
By [signature]

DATED: ________________, 2021.

County Judge, Hunt County, Texas

#16.628

FILED FOR RECORD
at 3:15 o'clock P M
FEB 23 2021
JENNIFER LINDENZWEIG
County Clerk, Hunt County, TX
By

THE COUNTY OF HUNT
STATE OF TEXAS

Hunt County, Texas

# $5,745,000
# LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021

"Aa2" MOODY'S INVESTORS SERVICE

HilltopSecurities
A Hilltop Holdings Company.

CONTACT:

Nick Bulaich, Managing Director

777 Main Street, Suite 1525, Fort Worth, Texas 76102

Phone 817.332.9710

e-mail: nick.bulaich@hilltopsecurities.com

February 23, 2021

MOODY'S
INVESTORS SERVICE

CREDIT OPINION
8 February 2021

Rate this Research

**Contacts**

Genevieve Nolan +1.212.553.3912
*VP-Senior Analyst*
genevieve.nolan@moodys.com

Grayson Nichols +1.214.979.6851
*VP-Senior Analyst*
grayson.nichols@moodys.com

**CLIENT SERVICES**

| | |
|---|---|
| Americas | 1-212-553-1653 |
| Asia Pacific | 852-3551-3077 |
| Japan | 81-3-5408-4100 |
| EMEA | 44-20-7772-5454 |


# Hunt (County of) TX

Update to credit analysis

## Summary

Hunt County, TX's (Aa2) credit profile benefits from booming economic growth due to its location in the greater Dallas (A1 stable) metro region. Bolstered by conservative budgeting practices, the county's liquidity and reserves are expected to remain healthy even after setting aside some fund balance for future pay-go capital expenditures. The county's debt burden and associated fixed costs are low but will likely increase given the growth in the area and inevitable capital needs that follow. Retiree liabilities remain manageable.

## Credit strengths

» Large and growing tax base benefitting from proximity to Dallas metro

» Healthy reserve levels and strong financial performance supported by conservativebudgeting practices

## Credit challenges

» Below average income indices

» Future capital needs

## Rating outlook

Moody's generally does not assign outlooks to local governments with this amount of debt outstanding.

## Factors that could lead to an upgrade

» Substantial tax base growth

» Improved income levels

## Factors that could lead to a downgrade

» Deterioration of reserve levels below rated peers due to operating deficits and/or continued draws for capital expenditures

» Large increases to long-term liabilities

## Key indicators

Exhibit 1
**Hunt (County of) TX**

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| **Economy/Tax Base** | | | | | |
| Total Full Value ($000) | $4,462,873 | $4,642,681 | $4,956,363 | $5,459,163 | $6,004,395 |
| Population | 88,052 | 89,068 | 90,322 | 92,152 | 94,162 |
| Full Value Per Capita | $50,685 | $52,125 | $54,874 | $59,241 | $63,767 |
| Median Family Income (% of US Median) | 87.7% | 86.4% | 88.3% | 89.6% | 85.7% |
| **Finances** | | | | | |
| Operating Revenue ($000) | $29,933 | $29,780 | $30,703 | $32,323 | $35,616 |
| Fund Balance ($000) | $14,309 | $15,130 | $16,479 | $19,244 | $13,640 |
| Cash Balance ($000) | $15,490 | $15,227 | $19,315 | $22,359 | $23,559 |
| Fund Balance as a % of Revenues | 47.8% | 50.8% | 53.7% | 59.5% | 38.3% |
| Cash Balance as a % of Revenues | 51.7% | 51.1% | 62.9% | 69.2% | 66.1% |
| **Debt/Pensions** | | | | | |
| Net Direct Debt ($000) | $5,990 | $5,316 | $10,365 | $9,083 | $8,129 |
| 3-Year Average of Moody's ANPL ($000) | $31,001 | $36,916 | $45,727 | $51,215 | $55,119 |
| Net Direct Debt / Full Value (%) | 0.1% | 0.1% | 0.2% | 0.2% | 0.1% |
| Net Direct Debt / Operating Revenues (x) | 0.2x | 0.2x | 0.3x | 0.3x | 0.2x |
| Moody's - ANPL (3-yr average) to Full Value (%) | 0.7% | 0.8% | 0.9% | 0.9% | 0.9% |
| Moody's - ANPL (3-yr average) to Revenues (x) | 1.0x | 1.2x | 1.5x | 1.6x | 1.5x |

*Sources: US Census Bureau, Hunt (County of) TX's financial statements and Moody's Investors Service*

## Profile

Hunt County is located approximately 50 miles northeast of Dallas and serves an estimated population of 94,162 people as of 2019. The county is home to Texas A&M University Commerce campus (Texas A&M University System Aaa stable).

## Detailed credit considerations

### Economy and tax base

Hunt County will continue to grow aided by its proximity to Dallas. Located approximately 50 miles northeast of the city, the county has historically been more rural and driven by agriculture and manufacturing. Recent and ongoing development is spurring tax base growth, which is expected to continue over the near term with seven new residential developments recently approved and two new companies relocating to the area. Taxable valuation growth has occurred at a stunning 10% average annual rate over the last five years, reaching a satisfactory $7.5 billion as of fiscal year 2021. With limited taxpayer concentration, the county benefits from the institutional presence provided by Texas A&M University - Commerce.

The county's population has also seen steady growth in recent years, reaching an estimated 94,162 residents as of 2019, up 9.3% since the last census. Income indices have remained fairly consistent, with median family income at 85.7% of the US rate. Unemployment is slightly elevated at 6.8% as of November 2020, above the US rate of 6.4% but below the state rate of 8.0%, reflecting some exposure to weakening energy sector employment trends.

### Financial operations and reserves

Hunt County will maintain robust reserve levels supported by conservative budgeting practices and continued strong financial performance. In fiscal 2019 the county transferred funds from its General Fund to its Capital Improvement Fund to set aside for future pay-go projects, resulting a nearly $5.6 million draw on General Fund reserves. Across all operating funds, the available balance remained at a healthy $13.6 million or 38.3% of operating revenue.

The county posted an operating surplus of $4.5 million in fiscal 2020, according to unaudited results. Year-to-date figures show revenues well ahead of budgeted expectations for fiscal 2021, with sales tax collections through November 2020 up 10% year-over-year. Expenditures are below expectations for fiscal 2021, with the courthouse still closed due to the pandemic.

**Liquidity**

Liquidity levels are strong and will continue to move in line with operating performance. As of fiscal year 2019, the most recent audited results, the cash position across operating funds was $23.6 million was a healthy 66.1% of revenues.

### Debt and pensions

The county's debt profile will remain manageable despite future debt issuances that may occur due to the ongoing economic growth in the area given a very low burden to date. Post-sale, the county will have $12.8 million in outstanding limited tax debt equating to a modest 0.2% of the fiscal year 2021 taxable valuation. Despite having remaining authorized but unissued debt, the county does not foresee the need to issue additional road and bridge bonds over the near-term. But ongoing growth across the county may result in a future increase in its debt burden, as leaders look for ways to accommodate ongoing population growth. Fixed costs, which include the county's full contribution plus OPEB and debt service costs, were a very manageable 6.4% of operating revenue in fiscal 2019.

**Legal security**

The county's outstanding GOLT bonds are payable from a direct ad valorem tax levied within the limits prescribed by law on all taxable property within the county. Per the Texas Constitution, the county may levy up to $8.00 per $1,000. The county's current tax rate is $4.67 per $1,000, of which $0.11 is currently allocated to debt service.

**Debt structure**

All of the county's debt is fixed rate and amortizes slowly, with only 50% of principal retired within 10 years.

**Debt-related derivatives**

The county is not party to any swap or derivative agreements.

**Pensions and OPEB**

Hunt County has a manageable pension burden based on unfunded liabilities from its participation in the Texas County and District Retirement System, a multi-employer defined benefit agent plan. Moody's adjusted net pension liability (ANPL) for the county, under our methodology for adjusting reported pension data, was $56.7 million as of fiscal year 2019, or 1.59 times operating revenues. Moody's ANPL reflects certain adjustments we make to improve the comparability of reported pension liabilities. The adjustments are not intended to replace the county's reported liability information but to improve comparability with other rated entities.

Moody's adjusted other post-employment liabilities were $10.5 million or 0.3 times operating revenue. The county contributed above treadwater in fiscal 2019, which reflects a contribution rate that is sufficient to prevent continued growth in unfunded liabilities. The county has consistently fully funded its annual required contributions. However, TCDRS' discount rate remains very high at 8%, which is much higher than most large US public pension systems, and highlights the system's vulnerability to pension asset volatility.

## ESG considerations

### Environmental

The local government sector generally has low exposure to environmental risks, and the same holds true for Hunt County, TX. According to data from Moody's affiliate Four Twenty Seven, Hunt County is at medium risk for projected rate of future changes associated with heat stress, water stress and extreme rainfall events. Favorably the state of Texas (Aaa stable) has taken action to help mitigate water stress risk within its boarders by issuing general obligation debt through the Texas Water Development Board (TWDB) since the 1950s to finance a variety of water conservation and supply projects.

### Social

Social considerations are not material to the county's rating. While weak income indices persist, population growth is helping to grow the economy as more companies look to relocate in the area.

We regard the coronavirus outbreak as a social risk under our environmental, social and governance framework, given the substantial implications for public health and safety and the economy. The coronavirus is not a key rating driver for the county given its high reliance on property taxes, as well as substantial support (eg: $2.7 million in CARES Act funding) from the federal government that has offset any revenue weakness experienced to date.

### Governance

Governance is an important consideration for all credits. Texas Counties have an institutional framework score [1] of "Aa", which is strong. The sector's major revenue sources are subject to a cap, which cannot be overridden. However, the cap of $8 per $1,000 of assessed values, with no more than $4 allocated for debt service, still allows for significant revenue-raising ability. Unpredictable revenue fluctuations tend to be minor, or under 5% annually. Across the sector, fixed and mandated costs are generally less than 25% of expenditures. Unpredictable expenditure fluctuations tend to be minor, under 5% annually.

## Rating methodology and scorecard factors

The US Local Government General Obligation Debt methodology includes a scorecard, a tool providing a composite score of a local government's credit profile based on the weighted factors we consider most important, universal and measurable, as well as possible notching factors dependent on individual credit strengths and weaknesses. Its purpose is not to determine the final rating, but rather to provide a standard platform from which to analyze and compare local government credits.

Exhibit 2

**Hunt (County of) TX**

| Rating Factors | Measure | Score |
|---|---|---|
| **Economy/Tax Base (30%)[1]** | | |
| Tax Base Size: Full Value (in 000s) | $6,685,012 | Aa |
| Full Value Per Capita | $70,995 | Aa |
| Median Family Income (% of US Median) | 85.7% | A |
| **Finances (30%)** | | |
| Fund Balance as a % of Revenues | 38.3% | Aaa |
| 5-Year Dollar Change in Fund Balance as % of Revenues | 9.1% | A |
| Cash Balance as a % of Revenues | 66.1% | Aaa |
| 5-Year Dollar Change in Cash Balance as % of Revenues | 32.4% | Aaa |
| **Management (20%)** | | |
| Institutional Framework | Aa | Aa |
| Operating History: 5-Year Average of Operating Revenues / Operating Expenditures | 1.0x | Aa |
| **Debt and Pensions (20%)** | | |
| Net Direct Debt / Full Value (%) | 0.1% | Aaa |
| Net Direct Debt / Operating Revenues (x) | 0.2x | Aaa |
| 3-Year Average of Moody's Adjusted Net Pension Liability / Full Value (%) | 0.8% | Aa |
| 3-Year Average of Moody's Adjusted Net Pension Liability / Operating Revenues (x) | 1.5x | A |
| **Notching Factors:[2]** | | |
| Unusually Strong or Weak Security Features | | Up |
| | Scorecard-Indicated Outcome | Aa1 |
| | Assigned Rating | **Aa2** |

[1] Economy measures are based on data from the most recent year available.
[2] Notching Factors are specifically defined in the US Local Government General Obligation Debt methodology.
[3] Standardized adjustments are outlined in the GO Methodology Scorecard Inputs publication.
*Sources: US Census Bureau, {OrgName}'s financial statements and Moody's Investors Service*

## Endnotes

1 The institutional framework score assesses a municipality's legal ability to match revenues with expenditures based on its constitutionally and legislatively conferred powers and responsibilities. See US Local Government General Obligation Debt (July 2020) methodology report for more details.

REPORT NUMBER 1264601

CLIENT SERVICES

| | |
|---|---|
| Americas | 1-212-553-1653 |
| Asia Pacific | 852-3551-3077 |
| Japan | 81-3-5408-4100 |
| EMEA | 44-20-7772-5454 |

MOODY'S
INVESTORS SERVICE

## TABULATION OF BIDS RECEIVED AT SALE OF

## HUNT COUNTY, TEXAS

## $5,745,000
## LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021

BIDS DUE MONDAY, FEBRUARY 22, 2021, AT 11:00 AM, CST

| ACCOUNT MANAGER | TRUE INTEREST COST |
|---|---|
| Robert W. Baird & Co., Inc. | 1.472652% |
| FHN Financial Capital Markets | 1.494522% |
| The Baker Group | 1.567271% |
| BOK Financial Securities, Inc. | 1.728380% |
| Raymond James & Associates, Inc. | 1.730953% |
| Piper Sandler & Co | 1.886033% |
| | |

Prepared by:

HilltopSecurities
A Hilltop Holdings Company.

777 Main Street, Suite 1525
Fort Worth, Texas 76102
(817) 332-9710

Final

**Hunt County, Texas**

Limited Tax Permenant Improvement Bonds, Series 2021

$5,745,000

# Debt Service Schedule

| Date | Principal | Coupon | Interest | Total P+I |
|---|---|---|---|---|
| 09/30/2021 | - | - | - | - |
| 09/30/2022 | 140,000.00 | 3.750% | 207,707.83 | 347,707.83 |
| 09/30/2023 | 585,000.00 | 3.750% | 130,241.25 | 715,241.25 |
| 09/30/2024 | 225,000.00 | 3.750% | 115,053.75 | 340,053.75 |
| 09/30/2025 | 230,000.00 | 3.750% | 106,522.50 | 336,522.50 |
| 09/30/2026 | 235,000.00 | 3.750% | 97,803.75 | 332,803.75 |
| 09/30/2027 | 245,000.00 | 3.750% | 88,803.75 | 333,803.75 |
| 09/30/2028 | 250,000.00 | 3.750% | 79,522.50 | 329,522.50 |
| 09/30/2029 | 260,000.00 | 3.750% | 69,960.00 | 329,960.00 |
| 09/30/2030 | 265,000.00 | 3.750% | 60,116.25 | 325,116.25 |
| 09/30/2031 | 270,000.00 | 2.500% | 51,772.50 | 321,772.50 |
| 09/30/2032 | 275,000.00 | 2.000% | 45,647.50 | 320,647.50 |
| 09/30/2033 | 285,000.00 | 1.300% | 41,045.00 | 326,045.00 |
| 09/30/2034 | 290,000.00 | 1.400% | 37,162.50 | 327,162.50 |
| 09/30/2035 | 295,000.00 | 1.450% | 32,993.75 | 327,993.75 |
| 09/30/2036 | 300,000.00 | 1.500% | 28,605.00 | 328,605.00 |
| 09/30/2037 | 305,000.00 | 1.550% | 23,991.25 | 328,991.25 |
| 09/30/2038 | 310,000.00 | 1.600% | 19,147.50 | 329,147.50 |
| 09/30/2039 | 320,000.00 | 1.650% | 14,027.50 | 334,027.50 |
| 09/30/2040 | 325,000.00 | 1.700% | 8,625.00 | 333,625.00 |
| 09/30/2041 | 335,000.00 | 1.750% | 2,931.25 | 337,931.25 |
| **Total** | **$5,745,000.00** | **-** | **$1,261,680.33** | **$7,006,680.33** |

| | |
|---|---|
| Cash Premium From Purchaser | $330,337.50 |
| True Interest Cost (TIC) | 1.4726525% |

PRELIMINARY OFFICIAL STATEMENT

Dated February 9, 2021

**Ratings:**
**Moody's: "Aa2"**
**(See "Other Information - Ratings" herein)**

**NEW ISSUE - Book-Entry-Only**

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "Tax Matters" for a discussion of the opinion of Bond Counsel.

THE BONDS **WILL** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**$5,745,000***
**HUNT COUNTY, TEXAS**
**LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021**

**Dated Date: February 15, 2021**
**Interest Accrues from Delivery Date**

**Due: March 1, as shown below**

**PAYMENT TERMS** . . . Interest on the $5,745,000* Hunt County, Texas, Limited Tax Permanent Improvement Bonds, Series 2021 (the "Bonds") will accrue from the date of initial delivery (the "Delivery Date"), will be payable March 1 and September 1 of each year commencing March 1, 2022, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "The Bonds - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE** . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Chapters 1251 and 1301, Texas Government Code, as amended, a County-wide election held on November 8, 2016, and constitute direct and voted obligations of Hunt County, Texas (the "County"), payable from a continuing ad valorem tax levied on all taxable property within the County, within the limits prescribed by law, as provided in the order authorizing the Bonds (the "Order") (see "The Bonds - Authority for Issuance and -Security and Source of Payment").

**PURPOSE** . . . Proceeds from the sale of the Bonds will be used (i) for constructing, improving and maintaining roads and bridges within the County, including the acquisition of land and rights-of-way therefor; including participating in the cost of joint projects with various state, city and regional council of government entities, and (ii) for paying the costs of issuance associated with the sale of the Bonds.

**MATURITY SCHEDULE***

**CUSIP Prefix: 445600 (1)**

| Amount | Maturity | Rate | Yield | CUSIP Suffix (1) | Amount | Maturity | Rate | Yield | CUSIP Suffix (1) |
|---|---|---|---|---|---|---|---|---|---|
| $ 140,000 | 2022 | | | | $ 275,000 | 2032 | | | |
| 585,000 | 2023 | | | | 285,000 | 2033 | | | |
| 225,000 | 2024 | | | | 290,000 | 2034 | | | |
| 230,000 | 2025 | | | | 295,000 | 2035 | | | |
| 235,000 | 2026 | | | | 300,000 | 2036 | | | |
| 245,000 | 2027 | | | | 305,000 | 2037 | | | |
| 250,000 | 2028 | | | | 310,000 | 2038 | | | |
| 260,000 | 2029 | | | | 320,000 | 2039 | | | |
| 265,000 | 2030 | | | | 325,000 | 2040 | | | |
| 270,000 | 2031 | | | | 335,000 | 2041 | | | |

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the County, its financial advisor or the Initial Purchaser of the Bonds shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

**OPTIONAL REDEMPTION** . . . The County reserves the right, at its option, to redeem Bonds having stated maturities on and after March 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds – Optional Redemption).

**LEGALITY** . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser of the Bonds and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinion").

**DELIVERY** . . . It is expected that the Bonds will be available for delivery through DTC on March 24, 2021.

## SEALED BIDS DUE MONDAY, FEBRUARY 22, 2021, AT 11:00 AM, CST

* Preliminary, subject to change. See "The Bonds – Adjustment of Principal Amounts" in the Notice of Sale and Bidding Instructions of the Bonds.

*This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.*

*No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.*

*For purposes of compliance with Rule 15c 2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the County with respect to the Bonds that has been "deemed final" by the County as of its date except for the omission of no more than the information permitted by the Rule.*

*The information set forth herein has been obtained from the County and other sources considered to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or other matters described herein since the date hereof. See "Continuing Disclosure of Information" for a description of the County's undertaking to provide certain information on a continuing basis.*

*Neither the County or the Financial Advisor makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system described under "The Bonds – Book-Entry-Only System."*

*THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.*

*THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.*

*THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.*

*IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.*

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

## OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

**THE COUNTY** .............................. Hunt County is a body politic and a political subdivision of the State, located in northeast Texas. The County covers approximately 841 square miles. The City of Greenville, Texas is the County Seat.

**THE BONDS** ................................ The $5,745,000* Limited Tax Permanent Improvement Bonds, Series 2021 are to mature on March 1 in each of the years 2022 through 2041 (see "The Bonds - Description of the Bonds").

**PAYMENT OF INTEREST** .............. Interest on the Bonds accrues from the Delivery Date and is payable March 1, 2022, and each September 1 and March 1 thereafter until maturity or prior redemption. See "The Bonds - Description of the Bonds".

**AUTHORITY FOR ISSUANCE** ......... The Bonds are issued pursuant to the Constitution and general laws of the State, particularly, Chapters 1251 and 1301, Texas Government Code, as amended, a County-wide election held on November 8, 2016, and the Order to be adopted by the Commissioners Court of the County (see "The Bonds - Authority for Issuance").

**SECURITY FOR THE BONDS** .......... The Bonds constitute direct and voted obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County (see "The Bonds - Security and Source of Payment").

**REDEMPTION** .............................. The County reserves the right, at its option, to redeem Bonds, having stated maturities on and after March 1, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds - Optional Redemption").

**TAX EXEMPTION**.......................... In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "Tax Matters" for a discussion of the opinion of Bond Counsel.

**QUALIFIED TAX-EXEMPT OBLIGATIONS** ........................... The County will designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions (see "Tax Matters - Additional Federal Income Tax Considerations").

**USE OF PROCEEDS** ....................... Proceeds from the sale of the Bonds will be used (i) for constructing, improving and maintaining roads and bridges within the County, including the acquisition of land and rights-of-way therefor; including participating in the cost of joint projects with various state, city and regional council of government entities, and (ii) for paying the costs of issuance associated with the sale of the Bonds.

**RATING** ....................................... The Bonds and the presently outstanding tax supported debt of the County is rated "Aa2" by Moody's Investors Service, Inc. ("Moody's") without regard to third-party credit enhancement (see "Other Information - Rating").

**BOOK-ENTRY-ONLY SYSTEM**...... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "The Bonds - Book-Entry-Only System").

**PAYMENT RECORD** ..................... The County has never defaulted in payment of its general obligation tax debt.

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* Preliminary, subject to change. See "The Bonds - Adjustment of Principal Amounts" in the Notice of Sale and Bidding Instructions.

**SELECTED FINANCIAL INFORMATION**

| Fiscal Year Ended 9/30 | Estimated County Population | Net Taxable Assessed Valuation | Per Capita Net Taxable Assessed Valuation | Funded Tax Debt | Per Capita Funded Tax Debt | Ratio Funded Tax Debt to Net Taxable Assessed Valuation | % of Total Tax Collections |
|---|---|---|---|---|---|---|---|
| 2017 | 94,350 (1) | $ 4,956,362,726 | $ 52,532 | $ 9,755,000 | $ 103 | 0.20% | 99.00% |
| 2018 | 95,950 (1) | 5,385,327,246 | 56,126 | 8,435,000 | 88 | 0.16% | 98.00% |
| 2019 | 97,410 (1) | 5,995,936,542 | 61,554 | 7,375,000 | 76 | 0.12% | 98.00% |
| 2020 | 99,280 (1) | 6,685,011,700 | 67,335 | 6,750,000 | 68 | 0.10% | 104.61% |
| 2021 | 100,000 (2) | 7,484,140,858 | 74,841 | 11,855,000 (3) | 119 | 0.16% | N/A |

(1) Source: North Central Texas Council of Governments.
(2) Estimate provided by County Staff.
(3) Projected; includes the Bonds. Preliminary, subject to change.

For additional information regarding the County, please contact:

Bruce Ballard
County Auditor
Hunt County
2507 Lee Street
Greenville, Texas 75401
(903) 408-4120

or

Nick Bulaich
Hilltop Securities, Inc.
777 Main Street, Suite 1525
Fort Worth, Texas 76102
(817) 332-9710

## COUNTY OFFICIALS, STAFF AND CONSULTANTS

### Elected Officials

| Commissioners Court | Term Expires |
|---|---|
| Bobby W. Stovall<br>County Judge | December 31, 2022 |
| Mark Hutchins<br>Commissioner, Precinct No. 1 | December 31, 2024 |
| Randy Strait<br>Commissioner, Precinct No. 2 | December 31, 2022 |
| Phillip Martin<br>Commissioner, Precinct No. 3 | December 31, 2024 |
| Steven Harrison<br>Commissioner, Precinct No. 4 | December 31, 2022 |

### Other Elected and Appointed Officials

| Name | Position |
|---|---|
| Bruce Ballard | County Auditor |
| Jennifer Lindenzweig | County Clerk |
| Randy L. Wineinger | Tax Assessor/Collector |

### Consultants and Advisors

Certified Public Accountants ........ Rutherford, Taylor & Company, P.C.
Greenville, Texas

Bond Counsel ........ Bracewell LLP
Dallas, Texas

Financial Advisor ........ Hilltop Securities, Inc.
Fort Worth, Texas

## PRELIMINARY OFFICIAL STATEMENT

## RELATING TO

## $5,745,000*
## HUNT COUNTY, TEXAS
## LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021

## INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $5,745,000* Hunt County, Texas, Limited Tax Permanent Improvement Bonds, Series 2021 (the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order to be adopted on the date of sale of the Bonds (the "Order"), which will authorize the issuance of the Bonds, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the County and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the County's Financial Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Fort Worth, Texas.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate further or continuing trends in the financial position or other affairs of the County. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "Other Information– Forward-Looking Statements Disclaimer").

**DESCRIPTION OF THE COUNTY** . . . The County operates as specified under the Constitution of the State of Texas and statutes which provide for a Commissioners Court consisting of the County Judge and four Commissioners, one from each of four geographical Commissioners Precincts. The County Judge is elected for a term of four years and the Commissioners for four year staggered terms. Other major County elective officers include the County Clerk and County Treasurer. The County Auditor is appointed for a term of two years by and serves at the will of the District Court Judges whose courts are located in Hunt County. The 2010 Census population for the County was 86,129, while the estimated 2021 population is 100,000. The County covers approximately 841 square miles. The City of Greenville is the County Seat.

**INFECTIOUS DISEASE OUTBREAK – COVID-19** . . . The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic which has been subsequently extended and is still in effect. In addition, certain local officials, including the County Judge, have also declared a local state of disaster. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Due to a previous spike in COVID-19 cases, prior executive orders modified the phased reopening of businesses in Texas, subject to further restrictions in the Governor's discretion. The Governor has since issued a number of these including, for example, the issuance on October 7, 2020 of Executive Order GA-32, which, among other things, provided further guidelines for the reopening of businesses and the maximum threshold level of occupancy related to such establishments. Certain businesses, such as cybersecurity services, child care services, local government operations, youth camps, recreational programs, schools, and religious services, do not have the foregoing limitations. The Governor's order also states, in providing or obtaining services, every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-32 remains in place until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov/texas/gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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* Preliminary, subject to change. See "The Bonds - Adjustment of Principal Amounts" in the Notice of Sale and Bidding Instructions.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue to negatively affect economic output worldwide and within the County. These negative impacts may reduce or otherwise negatively affect future property values and/or the collection of ad valorem tax revenues within the County. See "Tax Information". The Bonds are secured by an ad valorem tax (within the limits prescribed by law), and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the County's operations and maintenance expenses. See "Tax Information – Public Hearing and Maintenance and Operations Tax Rate Limitations" and "- Debt Tax Rate Limitations." Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the County on which the County collects taxes, charges, and fees. A reduction in the collection of taxes and other fees and charges may negatively impact the County's operating budget and overall financial condition.

The financial and operating data contained herein are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the County. The County continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the Pandemic upon the County. While the potential impact of the Pandemic on the County cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the County's operations and financial condition, and the effect could be material.

## THE BONDS

**DESCRIPTION OF THE BONDS** . . . The Bonds are dated February 15, 2021 (the "Dated Date") and mature on March 1 in each of the years and in the amounts shown on the cover page hereof. Interest accrues from the Delivery Date of the Bonds and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year, commencing March 1, 2022, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and series and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "The Bonds - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

**AUTHORITY FOR ISSUANCE** . . . The Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapters 1251 and 1301, Texas Government Code, a County-wide election held on November 8, 2016 and the Order to be adopted by the Commissioners Court of the County.

**SECURITY AND SOURCE OF PAYMENT** . . . The Bonds constitute direct and voted obligations of the County, payable from the levy and collection of a direct and continuing ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the County as provided in the Order. The Bonds are payable from the County's $0.80 constitutional tax rate limit; see "Tax Rate Limitation – General Operations: Limited Tax Bonds, Tax Notes, Time Warrants, and Contractual Obligations" below.

**TAX RATE LIMITATIONS** . . . The Texas Constitution provides various taxing authority for counties, as described below. For information relating to the constitutionally authorized taxes that the County currently levies, see "Tax Information - Table 5 - Tax Rate Distribution Analysis."

*General Operations; Limited Tax Bonds, Tax Notes, Time Warrants, and Contractual Obligations*. . .Article VIII, Section 9 of the Texas Constitution imposes a limit of $0.80 per $100 of assessed valuation for general fund, Improvement fund, road and bridge fund, and jury fund purposes, including debt service of limited tax bonds, warrants, tax notes and certificates of obligation issued against such funds. Chapter 1301, Texas Government Code, as amended, limits the amount of limited tax bonds that may be issued for road and bridge purposes to 1 1/2 percent of the taxable assessed valuation of a county. By administrative policy, the Attorney General of Texas will permit allocation of $0.40 of the constitutional $0.80 tax rate for the payment of the debt service requirements on the County's limited tax general obligation indebtedness. **The Bonds will be payable from the levy and collection of this tax.**

*Road Bonds*...An unlimited tax rate is authorized to be voted to pay debt service on road bonds; Article III, Section 52 of the Texas Constitution provides that such debt may not exceed 25% of the County's assessed valuation of real property

*Road Maintenance (Special Road and Bridge Tax)*...Under Section 256.052, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.15 on the $100 valuation of property provided by Article VIII, Section 9 of the Texas Constitution, for the further maintenance of county roads. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. The additional tax may not be used for debt service. **The voters of the County have not approved the adoption of the additional county road tax.**

*Farm-to-Market Roads or Flood Control*...Under Section 256.054, Texas Transportation Code, a county may adopt an additional ad valorem tax not to exceed $0.30 on the $100 assessed valuation, after exemption of homesteads up to $3,000, provided by Article VIII, Section 9 of the Texas Constitution, for the construction and maintenance of farm-to-market and lateral roads or for flood control. This additional tax may be established by the Commissioners Court only upon approval by a majority of participating voters in an election held to approve such additional tax. No allocation is prescribed by statute between debt service and maintenance. Therefore, all or part may be used for either purpose. **The voters of the County have not approved the adoption of the additional county farm-to-market and/or flood control tax.**

See "Table 1 - Valuations, Exemptions and General Obligation Bond Debt" herein for a description of the amount of the County's debt that is secured by the limited tax authorized by Article VIII, Section 9 of the Texas Constitution. Also, see "Table 11 - Authorized But Unissued Bonds" herein for a description of the County's remaining voted and unissued bond authorization relating to limited constitutional taxing authorizations. The County does not currently have any debt secured by the unlimited tax authorized by Article III, Section 52 of the Texas Constitution.

**OPTIONAL REDEMPTION** . . . The County reserves the right, at its option, to redeem the Bonds having stated maturities on and after March 1, 2031 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on March 1, 2030 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the County may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date. The County reserves the right, in the case of an optional redemption to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the County retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the County delivers a certificate of the County to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the County to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

**MANDATORY SINKING FUND REDEMPTION** . . . In the event any of the Bonds are structured as "term" Bonds pursuant to the accepted bid of the initial purchasers, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Order, which provisions will be included in the final Official Statement.

**NOTICE OF REDEMPTION** . . . Not less than 30 days prior to a redemption date for the Bonds , the County shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. IF A BOND (OR ANY PORTION OF ITS PRINCIPAL SUM) SHALL HAVE BEEN DULY CALLED FOR REDEMPTION AND NOTICE OF SUCH REDEMPTION DULY GIVEN, THEN UPON THE REDEMPTION DATE SUCH BOND (OR THE PORTION OF ITS PRINCIPAL SUM TO BE REDEEMED) SHALL BECOME DUE AND PAYABLE, AND, IF MONIES FOR THE PAYMENT OF THE REDEMPTION PRICE ARE HELD FOR THE PURPOSE OF SUCH PAYMENT BY THE PAYING AGENT/REGISTRAR AND ALL OTHER CONDITIONS TO REDEMPTION ARE SATISFIED, INTEREST SHALL CEASE TO ACCRUE AND BE PAYABLE FROM AND AFTER THE REDEMPTION DATE ON THE PRINCIPAL AMOUNT REDEEMED.

**AMENDMENTS** . . . The County, may, without the consent of or notice to any registered owners, from time to time and at any time, amend the Order in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the County may, with the written consent of holders of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of the Order; provided that, without the consent of the registered owners of all of the Bonds no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond or (3) reduce the aggregate principal amount of the Bonds required to be held by the owners of the Bonds for consent to any such amendment, addition, or rescission.

**DEFEASANCE** . . . The Order provides that the County may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of, premium, if any, and all interest to accrue on such Bonds to maturity or redemption or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the County adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds, as the case may be.

After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the County to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the County: (i) in the proceedings providing for the firm banking arrangements, expressly reserves the right to call Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

**BOOK-ENTRY-ONLY SYSTEM** . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The County believes the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

*The County cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds) or any notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). Direct Participant and Indirect Participants are referred to herein as "Participants". DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity and series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the County or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the County or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

**Use of Certain Terms in Other Sections of this Official Statement.** In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the County, the Financial Advisor or the Initial Purchaser.

**Effect of Termination of Book-Entry-Only System.** In the event that the Book-Entry-Only System is discontinued, printed certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "The Bonds - Transfer, Exchange and Registration" below.

**Paying Agent/Registrar** . . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Order, the County retains the right to replace the Paying Agent/Registrar. The County covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, financial institution or trust company or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the County agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds affected by the changes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "Book-Entry-Only System" herein. If the date for any payment on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due.

**Transfer, Exchange and Registration** . . . In the event the Book-Entry-Only System should be discontinued with respect to the Bonds, printed certificates for the Bonds will be delivered to the registered owners thereof and thereafter may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount and series as the Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the County nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

**Record Date for Interest Payment** . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the 15th day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of an Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

**Bondholders' Remedies** . . . The Order establishes specific events of default with respect to the Bonds. If the County defaults in the payment of the principal of or interest on the Bonds when due, or the County defaults in the observance or performance of any of the covenants, conditions, or obligations of the County, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the County, any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the County to make such payment or observe and perform such covenants, obligations or conditions. Such right is in addition to any other rights the registered owners of the Bonds may be provided by the laws of the State of Texas. Under current Texas law, there is no right to the acceleration of maturity of the Bonds upon the failure of the County to observe any covenant under the Order. Although a registered owner of Bonds could presumably obtain a judgment against the County if a default occurred in the payment of principal of or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the County. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the County to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the County's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the County for breach of the Bonds or covenant set forth in the Order. Even if a judgment against the County could be obtained, it could not be enforced by direct levy and execution against the County's property. Further, the registered owners cannot themselves foreclose on property within the County or sell property within the County to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

In addition, the County is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the County avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that the rights of holders of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion..

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## TAX INFORMATION

*The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.*

**VALUATION OF TAXABLE PROPERTY** . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the County is the responsibility of the Hunt County Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the County, in establishing their tax rolls and tax rates. See "Tax Information – County and Taxpayer Remedies."

**STATE MANDATED HOMESTEAD EXEMPTIONS** . . . State law grants, with respect to each county in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action, and surviving spouses of first responders killed or fatally wounded in the line of duty.

**LOCAL OPTION HOMESTEAD EXEMPTIONS** . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

**LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED** . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

**PERSONAL PROPERTY** . . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

**FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS** . . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

**Other Exempt Property** . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

**Tax Increment Reinvestment Zones** . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

**Tax Abatement Agreements** . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. See "Tax Information – County Application of Property Tax Code" for descriptions of the County's tax abatement agreements.

For a discussion of how the various exemptions described above are applied by the County, see "Tax Information – County Application of Property Tax Code" herein.

**Temporary Exemption For Qualified Property Damaged by a Disaster** . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no historical judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

**County and Taxpayer Remedies** . . . Under certain circumstances, taxpayers and taxing units, including the County, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the County may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Beginning in the 2020 tax year, owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the County and provides for taxpayer referenda that could result in the repeal of certain tax increases. See "Tax Information– Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

**LEVY AND COLLECTION OF TAXES** . . . The County is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the County. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the County may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

**PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS** . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional $500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted). Certain counties for which certain expenditures for indigent legal defense or certain hospital expenditures exceed the amount for such expenditures for the preceding tax year, may increase their no-new-revenue tax rate proportionately with such expenditures in the manner provided by the Property Tax Code.

"special taxing unit" means a county for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value.

"unused increment rate" means the cumulative difference between a county's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a county's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the unused increment rate.

The County's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year, which may additionally include the Road and Bridge Maintenance Tax and the Farm-to-Market Road and Flood Control Tax (as such terms are defined below), if levied (collectively, the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the County must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the County to the Commissioners Court by August 1 or as soon as practicable thereafter.

A county must annually calculate its voter-approval tax rate and no-new-revenue tax rate (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the county and the county tax assessor collector. A county must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a county fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the county for the preceding tax year.

As described below, the Property Tax Code provides that if a county adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A county may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until the county appraisal district has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the county has held a public hearing on the proposed tax increase.

If a county's adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the county must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a county does not qualify as a special taxing unit, if a county's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the county's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the county would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any county located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such county's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

**The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the County's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the County's tax-supported debt obligations, including the Bonds.**

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

**DEBT TAX RATE LIMITATIONS** . . . All taxable property within the County is subject to the assessment, levy and collection by the County of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax supported debt, within the limits prescribed by law. Article VIII, Section 9 of the Texas Constitution imposes a limit of $0.80 per $100 assessed valuation for all purposes of a county's General Fund, Permanent Improvement Fund, Road and Bridge Fund and Jury Fund, including debt service on bonds or other debt issued against such funds. Administratively, the Attorney General of Texas will not approve limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from $0.40 of the foregoing $0.80 maximum tax rate, as calculated at the time of issuance.

Article III, Section 52 of the Texas Constitution authorizes the County to levy a direct, continuing ad valorem tax on all taxable property within the County, without limit as to rate or amount to pay the principal of and interest on the County's road bonds if approved by the voters in the County. The principal amount of unlimited tax road bonds issued by the County and outstanding at any point in time, aggregated with outstanding unlimited tax debt of certain road districts located within the County cannot exceed 25% of the assessed valuation of all real property located in the County.

Article VIII, Section 9 of the Texas Constitution and State statutes authorize the County to levy a special Road and Bridge Fund Tax (the "Road and Bridge Maintenance Tax") in an amount not to exceed $0.15 per $100 assessed valuation, no part of which may be used for debt service, if approved by the voters.

Article VIII, Section 1-a of the Texas Constitution and State statutes permit the County to levy a tax for Farm-to-Market Road and Flood Control purposes (the "Farm-to-Market Road and Flood Control Tax") in an amount not to exceed $0.30 per $100 assessed valuation after the mandatory $3,000 homestead exemption, if approved by the voters. There is no allocation prescribed by statutes between debt service and maintenance.

Section 1301.003, Texas Government Code, as amended, limits the amount of limited tax obligations of counties issued pursuant to such authority for those certain purposes as follows:

| | |
|---|---|
| Courthouse | 2% of Taxable Assessed Valuation |
| Jail | 1 1/2% of Taxable Assessed Valuation |
| Courthouse and Jail | 3 1/2% of Taxable Assessed Valuation |
| Bridge | 1 1/2% of Taxable Assessed Valuation |

**THE COUNTY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES** . . . Taxes levied by the County are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the County, having power to tax the property. The County's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the County is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the County may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the County must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

**PENALTIES AND INTEREST** . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

| Month | Cumulative Penalty | Cumulative Interest | Total |
|---|---|---|---|
| February | 6% | 1% | 7% |
| March | 7 | 2 | 9 |
| April | 8 | 3 | 11 |
| May | 9 | 4 | 13 |
| June | 10 | 5 | 15 |
| July | 12 | 6 | 18 |

After July, the penalty remains at 12%, and accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge (the County currently assesses a 15% charge for legal costs incurred collecting delinquent taxes). Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the County's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

**COUNTY APPLICATION OF TAX CODE** . . . The County does not grant an exemption to the market value of the residence homestead of persons 65 years of age or older or the disabled.

The County has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

The County has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

The County does not tax nonbusiness personal property; and the County collects it owns taxes.

The County permits quarterly split payments, and discounts are not allowed.

The County does not tax freeport property.

The County does tax goods-in-transit.

The County does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The County has adopted a tax abatement policy.

**TAX ABATEMENT POLICY** . . . The County has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement of up to 5% for a period of 5 years. The value of property subject to abatement is shown in Table 1.

**TAX INCREMENT FINANCING ZONE** . . . The County also participates in one TIRZ, with the City of Greenville, Texas.The County has not created a TIRZ.

**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

| | | |
|---|---|---|
| 2020/21 Market Valuation Established by Hunt County Appraisal District | | $ 9,961,156,554 |
| | | |
| Less Exemptions/Reductions at 100% Market Value: | | |
| Agricultural Productivity Loss | $ 1,871,960,367 | |
| Homestead, Over 65 and Disabled Persons | 149,095,307 | |
| Disabled Veterans | 88,706,204 | |
| Abatement | 32,193,400 | |
| Pollution Control | 5,758,650 | |
| Member Armed Services Surviving Spouse | 377,451 | |
| Freeport | 3,970,972 | |
| Solar | 659,593 | |
| Homestead Cap Adjustment | 246,924,600 | 2,399,646,544 |
| | | |
| 2020/21 Taxable Assessed Valuation | | $ 7,561,510,010 |
| 2020/21 Incremental Taxable Assessed Value of Real Property within Reinvestment Zone | | (77,369,152) |
| 2020/21 Taxable Assessed Valuation available for General Obligations and Debt | | $ 7,484,140,858 |
| | | |
| County Funded Debt Payable from Ad Valorem Taxes (as of 12/31/2020) | | |
| General Obligation Bonds | $ 6,750,000 | |
| The Bonds | 5,745,000 (1) | |
| | | |
| Total Funded Debt Payable from Ad Valorem Taxes | | $ 12,495,000 |
| | | |
| Interest and Sinking Fund as of 12/31/2020 | | $ 704,145 |
| | | |
| Ratio General Obligation Debt to Taxable Assessed Valuation | | 0.17% |

2021 Estimated Population - 100,000
Per Capita Taxable Assessed Valuation - $75,615
Per Capita Funded Debt Payable from Ad Valorem Taxes - $125

(1) Preliminary, subject to change.

### TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

| | Taxable Appraised Value for Fiscal Year Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | 2020 | | 2019 | |
| Category | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $ 3,082,139,149 | 30.94% | $ 2,720,111,322 | 30.68% | $ 2,300,027,166 | 29.23% |
| Real, Residential, Multi-Family | 236,738,473 | 2.38% | 194,199,791 | 2.19% | 173,041,048 | 2.20% |
| Real, Vacant Lots/Tracts | 180,252,260 | 1.81% | 140,640,903 | 1.59% | 122,225,090 | 1.55% |
| Real, Acreage (Land Only) | 1,984,201,835 | 19.92% | 1,750,499,709 | 19.74% | 1,555,976,925 | 19.78% |
| Real, Farm and Ranch Improvements | 2,289,465,079 | 22.98% | 2,024,224,744 | 22.83% | 1,775,207,665 | 22.56% |
| Real, Commercial and Industrial | 924,008,943 | 9.28% | 865,215,561 | 9.76% | 840,908,459 | 10.69% |
| Real, Oil, Gas and Other Mineral Reserves | 30,180 | 0.00% | 33,205 | 0.00% | 33,220 | 0.00% |
| Real and Intangible Personal, Utilities | 207,228,740 | 2.08% | 186,742,570 | 2.11% | 170,568,320 | 2.17% |
| Tangible Personal, Business | 949,211,013 | 9.53% | 886,760,436 | 10.00% | 840,549,080 | 10.68% |
| Tangible Personal, Other | 55,501,649 | 0.56% | 45,012,540 | 0.51% | 40,844,742 | 0.52% |
| Real Inventory | 19,966,573 | 0.20% | 28,165,014 | 0.32% | 22,618,167 | 0.29% |
| Special Inventory | 32,412,660 | 0.33% | 25,164,750 | 0.28% | 25,731,050 | 0.33% |
| Total Appraised Value Before Exemptions | $ 9,961,156,554 | 100.00% | $ 8,866,770,545 | 100.00% | $ 7,867,730,932 | 100.00% |
| Less: Total Exemption/Reductions | (2,399,646,544) | | (2,107,075,158) | | (1,800,928,959) | |
| Less: Incremental Taxable Assessed Value | (77,369,152) | | (74,683,687) | | (70,865,431) | |
| Net Taxable Assessed Value | $ 7,484,140,858 | | $ 6,685,011,700 | | $ 5,995,936,542 | |

| | Taxable Appraised Value for Fiscal Year Ended September 30, | | | |
|---|---|---|---|---|
| | 2018 | | 2017 | |
| Category | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | $ 1,984,171,284 | 28.28% | $ 1,747,518,791 | 27.58% |
| Real, Residential, Multi-Family | 146,967,072 | 2.09% | 145,749,564 | 2.30% |
| Real, Vacant Lots/Tracts | 123,650,049 | 1.76% | 113,114,410 | 1.79% |
| Real, Acreage (Land Only) | 1,403,039,594 | 20.00% | 1,193,923,855 | 18.84% |
| Real, Farm and Ranch Improvements | 1,558,828,070 | 22.22% | 1,397,893,738 | 22.06% |
| Real, Commercial and Industrial | 763,560,369 | 10.88% | 718,367,279 | 11.34% |
| Real and Intangible Personal, Utilities | 163,798,481 | 2.33% | 158,601,490 | 2.50% |
| Tangible Personal, Business | 816,932,906 | 11.64% | 806,849,343 | 12.73% |
| Tangible Personal, Other | 23,944,172 | 0.34% | 22,267,529 | 0.35% |
| Real Inventory | 5,272,436 | 0.08% | 7,141,821 | 0.11% |
| Special Inventory | 26,363,600 | 0.38% | 24,714,430 | 0.39% |
| Total Appraised Value Before Exemptions | $ 7,016,528,033 | 100.00% | $ 6,336,142,250 | 100.00% |
| Less: Total Exemption/Reductions | (1,573,394,325) | | (1,329,627,933) | |
| Less: Incremental Taxable Assessed Value | (57,806,462) | | (50,151,591) | |
| Net Taxable Assessed Value | $ 5,385,327,246 | | 4,956,362,726 | |

NOTE: Valuations shown are certified taxable assessed values reported by the Hunt County Appraisal County to the State Controller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal County updates records.

### TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

| Fiscal Year Ended 9/30 | Estimated Population | Net Taxable Assessed Valuation | Net Taxable Assessed Valuation Per Capita | Tax Debt Outstanding at End of Year | Ratio Tax Debt to Net Taxable Assessed Valuation | Funded Debt Per Capita |
|---|---|---|---|---|---|---|
| 2017 | 94,350 (1) | $ 4,956,362,726 | $ 52,532 | $ 9,755,000 | 0.20% | $ 103 |
| 2018 | 95,950 (1) | 5,385,327,246 | 56,126 | 8,435,000 | 0.16% | 88 |
| 2019 | 97,410 (1) | 5,995,936,542 | 61,554 | 7,375,000 | 0.12% | 76 |
| 2020 | 99,280 (2) | 6,685,011,700 | 67,335 | 6,750,000 | 0.10% | 68 |
| 2021 | 100,000(2) | 7,484,140,858 | 74,841 | 11,855,000 (3) | 0.16% | 119 |

(1) Source: North Central Texas Council of Governments.
(2) Estimate provided by County Staff.
(3) Projected; includes the Bonds. Preliminary, subject to change.

### TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

| Fiscal Year Ended 9/30 | Tax Rate | Tax Levy | % Current Collections | % Total Collections |
|---|---|---|---|---|
| 2017 | $ 0.512469 | $ 24,224,415 | 98.00% | 99.00% |
| 2018 | 0.512469 | 26,338,370 | 96.00% | 98.00% |
| 2019 | 0.511899 | 29,263,890 | 95.00% | 98.00% |
| 2020 | 0.508512 | 32,875,435 | 100.96% | 104.61% |
| 2021 | 0.467000 | 34,923,900 | In Process of Collection | |

### TABLE 5 - TAX RATE DISTRIBUTION ANALYSIS

| | Tax Year | | | | |
|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 |
| Operating Fund | $ 0.455806 | $ 0.496016 | $ 0.490485 | $ 0.482898 | $ 0.490379 |
| Limited Tax Debt Service Fund | 0.011211 | 0.012496 | 0.021414 | 0.029571 | 0.022090 |
| Total Constitutional Tax Rate | $ 0.467017 | $ 0.508512 | $ 0.511899 | $ 0.512469 | $ 0.512469 |
| Total Tax Rate | $ 0.467017 | $ 0.508512 | $ 0.511899 | $ 0.512469 | $ 0.512469 |

**TABLE 6 - TEN LARGEST TAXPAYERS**

| Name of Taxpayer | Nature of Property | 2020/21 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|---|---|---|---|
| L-3 Communications Integrated Systems LP | Aircraft Electronics | $ 190,826,710 | 2.52% |
| Cytec Engineered Materials Inc. | Graphic Engineering | 99,719,439 | 1.32% |
| Weatherford Artificial Lift/US LP | Oil Field Equipment | 56,357,215 | 0.75% |
| Oncor Electric Delivery Co | Electric Utility | 51,021,730 | 0.67% |
| Overkill Properties Ltd | Real Estate | 50,572,650 | 0.67% |
| Wal-Mart Real Estate Business Trust | Real Estate | 30,597,090 | 0.40% |
| Case Corporation | Manufacturing | 27,610,560 | 0.37% |
| Fritz Industries Inc. | Chemical Manufacturing | 27,494,210 | 0.36% |
| Hydro Aluminim Metal Products | Manufacturing | 22,415,210 | 0.30% |
| D.R. Horton - Texas LTD | Real Estate/Homebuilder | 20,989,626 | 0.28% |
| | | $ 577,604,440 | 7.64% |

Source: Hunt County Appraisal District

**TABLE 7 - TAX ADEQUACY (1)**

| | |
|---|---|
| 2021 Principal and Interest Requirements | $ 838,399 |
| $0.0114 Tax Rate at 98% Collection Produces | $ 844,772 |
| Average Annual Principal and Interest Requirements, 2021 - 2041 | $ 741,251 |
| $0.0101 Tax Rate at 98% Collection Produces | $ 748,438 |
| Maximum Principal and Interest Requirements, 2023 | $ 1,171,125 |
| $0.0159 Tax Rate at 98% Collection Produces | $ 1,178,234 |

(1) Includes the Bonds. Preliminary, subject to change.

## TABLE 8 - ESTIMATED CONSOLIDATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the County are paid out of ad valorem taxes levied by such entities on property within their boundaries and within the County. Such entities are independent of the County and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the County, the County has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional tax debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional tax debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the County.

| Taxing Jurisdiction | 2020/21 Taxable Assessed Value | 2020/21 Tax Rate | Total Funded Debt | Estimated % Applicable | County's Overlapping Funded Debt as of 12/1/2020 |
|---|---|---|---|---|---|
| Hunt County | $ 7,561,510,010 | $0.512469 | $ 12,495,000 (1) | 100.00% | $ 12,495,000 (1) |
| Bland Independent School District | 248,667,161 | 1.153000 | 13,246,016 | 94.63% | 12,534,705 |
| Boles Independent School District | 22,534,067 | 1.336000 | 4,030,000 | 100.00% | 4,030,000 |
| Caddo Mills Independent School District | 644,037,480 | 1.257000 | 27,399,463 | 100.00% | 27,399,463 |
| City of Caddo Mills | 182,289,653 | 0.576000 | 5,735,000 | 100.00% | 5,735,000 |
| Campbell Independent School District | 117,774,324 | 0.888000 | - | 100.00% | - |
| City of Campbell | 28,937,521 | 0.281000 | 460,000 | 100.00% | 460,000 |
| Celeste Independent School District | 133,175,726 | 1.224000 | 6,135,000 | 100.00% | 6,135,000 |
| Commerce Independent School District | 469,949,700 | 1.360000 | 19,940,000 | 99.50% | 19,840,300 |
| City of Commerce | 393,508,648 | 0.820000 | 13,695,881 | 100.00% | 13,695,881 |
| Community Independent School District | 1,094,009,274 | 1.486000 | 119,955,000 | 0.60% | 719,730 |
| Cooper Independent School District | 227,910,198 | 1.236000 | 8,555,000 | 1.10% | 94,105 |
| Cumby Independent School District | 93,016,344 | 1.149000 | 1,323,000 | 13.34% | 176,488 |
| Fannindel Independent School District | 69,356,986 | 1.128000 | 895,000 | 8.49% | 75,986 |
| Greenville Independent School District | 2,549,947,037 | 1.169000 | 73,280,000 | 100.00% | 73,280,000 |
| City of Greenville | 2,356,098,291 | 0.615000 | 61,826,000 | 100.00% | 61,826,000 |
| Hunt Memorial Hospital District | 7,465,846,819 | 0.244000 | 42,265,000 | 100.00% | 42,265,000 |
| City of Josephine | 136,133,189 | 0.559000 | 324,000 | 1.80% | 5,832 |
| Leonard Independent School District | 244,718,192 | 0.980000 | - | 5.13% | - |
| Lone Oak Independent School District | 292,621,145 | 1.207000 | 7,032,000 | 82.39% | 5,793,665 |
| Quinlan Independent School District | 958,503,143 | 1.083000 | 11,595,000 | 98.38% | 11,407,161 |
| City of Quinlan | 111,465,499 | 0.529000 | 1,530,000 | 100.00% | 1,530,000 |
| Royse City Independent School District | 2,424,472,793 | 1.465000 | 143,479,548 | 18.87% | 27,074,591 |
| City of Royse City | 1,105,218,699 | 0.622000 | 33,860,000 | 9.19% | 3,111,734 |
| Terrell Independent School District | 2,163,660,743 | 1.357000 | 62,371,847 | 5.41% | 3,374,317 |
| Verandah Municipal Utility District | 127,342,754 | 0.850000 | 17,555,000 | 100.00% | 17,555,000 |
| City of West Tawakoni | 86,407,167 | 0.549000 | 4,196,000 | 100.00% | 4,196,000 |
| Wolfe City Independent School District | 150,500,693 | 1.144000 | 6,395,000 | 86.89% | 5,556,616 |
| City of Wolfe City | 50,194,324 | 0.639000 | 9,124,000 | 100.00% | 9,124,000 |
| Total Direct and Overlapping Funded Debt | | | | | $ 369,491,573 |
| Ratio of Direct and Overlapping Funded Debt to Taxable Assessed Valuation | | | | | 4.89% |
| Per Capita Overlapping Funded Debt | | | | | $ 3,695 |

(1) Includes the Bonds. Preliminary, subject to change.

## DEBT INFORMATION

### TABLE 9 –GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

| Fiscal Year Ended 9/30 | Outstanding Debt Principal | Outstanding Debt Interest | Outstanding Debt Total | The Bonds (1) Principal | The Bonds (1) Interest | The Bonds (1) Total | Total Outstanding Debt | % of Principal Retired |
|---|---|---|---|---|---|---|---|---|
| 2021 | $ 640,000 | $ 198,399 | $ 838,399 | $ - | $ - | $ - | $ 838,399 | |
| 2022 | 650,000 | 185,034 | 835,034 | 140,000 | 194,073 | 334,073 | 1,169,106 | |
| 2023 | 290,000 | 172,500 | 462,500 | 585,000 | 123,625 | 708,625 | 1,171,125 | |
| 2024 | 300,000 | 160,700 | 460,700 | 225,000 | 111,475 | 336,475 | 797,175 | |
| 2025 | 310,000 | 148,113 | 458,113 | 230,000 | 104,650 | 334,650 | 792,763 | 26.97% |
| 2026 | 315,000 | 134,438 | 449,438 | 235,000 | 97,675 | 332,675 | 782,113 | |
| 2027 | 325,000 | 122,475 | 447,475 | 245,000 | 90,475 | 335,475 | 782,950 | |
| 2028 | 335,000 | 112,575 | 447,575 | 250,000 | 83,050 | 333,050 | 780,625 | |
| 2029 | 345,000 | 102,375 | 447,375 | 260,000 | 75,400 | 335,400 | 782,775 | |
| 2030 | 355,000 | 91,875 | 446,875 | 265,000 | 68,850 | 333,850 | 780,725 | 50.42% |
| 2031 | 370,000 | 81,000 | 451,000 | 270,000 | 63,500 | 333,500 | 784,500 | |
| 2032 | 380,000 | 69,750 | 449,750 | 275,000 | 58,050 | 333,050 | 782,800 | |
| 2033 | 395,000 | 58,125 | 453,125 | 285,000 | 52,450 | 337,450 | 790,575 | |
| 2034 | 410,000 | 46,050 | 456,050 | 290,000 | 46,700 | 336,700 | 792,750 | |
| 2035 | 425,000 | 33,525 | 458,525 | 295,000 | 40,850 | 335,850 | 794,375 | 77.59% |
| 2036 | 445,000 | 20,475 | 465,475 | 300,000 | 34,900 | 334,900 | 800,375 | |
| 2037 | 460,000 | 6,900 | 466,900 | 305,000 | 28,850 | 333,850 | 800,750 | |
| 2038 | - | - | - | 310,000 | 22,700 | 332,700 | 332,700 | |
| 2039 | - | - | - | 320,000 | 16,400 | 336,400 | 336,400 | |
| 2040 | - | - | - | 325,000 | 9,950 | 334,950 | 334,950 | 97.32% |
| 2041 | - | - | - | 335,000 | 3,350 | 338,350 | 338,350 | 100.00% |
| | $ 6,750,000 | $ 1,744,307 | $ 8,494,307 | $ 5,745,000 | $ 1,326,973 | $ 7,071,973 | $ 15,566,280 | |

(1) Average life of the issue – 10.745 years. Interest on the Bonds has been calculated at the rate of 1.56% for purposes of illustration. Preliminary, subject to change.

### TABLE 10 - INTEREST AND SINKING FUND BUDGET PROJECTION

| | | |
|---|---|---|
| Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2021 | | $ 838,399 |
| Interest and Sinking Fund Balance as of 9/30/20 | $ 377,341 (1) | |
| Interest and Sinking Fund Tax Levy | 836,399 | |
| Prior Year Delinquent Taxes | 24,000 | |
| Penalty and Interest | 15,000 | |
| Estimated Investment Income | 1,000 | 1,253,740 |
| Estimated Balance, 9/30/21 | | $ 415,341 |

(1) Preliminary unaudited information provided by County Staff.

### TABLE 11 - AUTHORIZED BUT UNISSUED BONDS

| Purpose | Date Authorized | Amount Authorized | Amount Previously Issued | Amount Being Issued | Unissued Balance |
|---|---|---|---|---|---|
| Roads | 11/8/2016 | $ 24,420,000 | $ 6,000,000 | $ 6,000,000 (1) | $ 12,420,000 |

* Preliminary, subject to change. Includes premium generated on the Bonds and allocated to voted authorization.

**TABLE 12 - OTHER OBLIGATIONS**

The County is obligated under certain leases accounted for as capital leases. The leases recorded here meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to lessee.

The following schedule lists personal property leases:

| Description | Interest Rate | Original Amount | Outstanding Amount |
|---|---|---|---|
| BB&T Financing - Motor Grader | 2.96% | $ 245,950 | $ 125,165 |
| Deer Credit, Inc | 5.25% | 160,059 | 82,126 |
| Signature Public Finance- Motor Grader/ Truck | 1.71% | 351,968 | 112,585 |
| BCI Capital - Part 2 Equipment | 3.59% | 226,650 | 215,313 |
| BCI Capital - Part 4 Equipment | 2.71% | 230,026 | 218,520 |
| Total | | | $ 753,709 |

The lease terms are for monthly payments over less than 48 and ending December 2020. The terms call for monthly payments over the life of the leases.

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of year-end are as follows:

| Year Ending September 30, | Total Requirements |
|---|---|
| 2020 | $ 420,505 |
| 2021 | 189,049 |
| 2022 | 140,746 |
| 2023 | 35,087 |
| Total Minimum Lease Payment | $ 785,387 |
| Less Amount Representing Interest | (31,678) |
| Present Value of Minimum Lease Payments | $ 753,709 |

**PENSION FUND** . . . The County provides pension, disability and death benefits for all of its full-time employees through a statewide, multiple-employer, public-employee retirement system through the Texas County District Retirement System (the TDRS). The system serves 677 actively participating counties and districts throughout Texas. Each employer has its own defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered qualified under Section 401(a) of the Internal Revenue Code. All employees (except temporary staff) of a participating employer must be enrolled in the plan. The TCDRS issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service or with 30 years regardless of age, or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

*Contribution* . . . The County has elected the annually determined contribution rate (ADCR) plan provisions if the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

Employees of the County were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the County were 10.49% and 9.93% in calendar years 2018 and 2019, respectively. The County's contributions to TCDRS for the year ended September 30, 2019 were $ 1,710,954 and were equal to the required contributions.

*Discount Rate . . .* The discount rate used to measure the total pension liability was 8.1%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investment is 8.1%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2018.

*Membership Information . . .* The County membership information follows:

| Members | December 2019 | December 2018 |
|---|---|---|
| Inactive Employees not Receiving Benefits | 347 | 358 |
| Active Employees | 397 | 375 |
| Average Monthly Salary | 3,428 | 3,537 |
| Average Age | 45.62 | 46.04 |
| Average Length of Service | 9.99 | 9.95 |
| Inactive Employees Receiving Benefits | 197 | 219 |
| Average Monthly Benefits | $ 1,151 | $ 1,239 |

*Net Pension Liability . . .* At December 31, 2018, the County reported a net pension liability/(asset) of $ 8,323,051. The changes in net pension liability (asset) were as follows:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at 12/31/2017 | $ 69,457,430 | $ 67,473,605 | $ 1,983,825 |
| Changes for the year: | | | |
| Service cost | 2,158,848 | - | $ 2,158,848 |
| Interest | 5,676,173 | - | 5,676,173 |
| Change in benefit terms | - | - | - |
| Difference between expected/actual experience | 129,703 | - | 129,703 |
| Changes of assumptions | - | - | - |
| Contributions - employer | - | 1,756,979 | (1,756,979) |
| Contributions - employee | - | 1,180,104 | (1,180,104) |
| Net investment income | - | (1,259,301) | 1,259,301 |
| Benefit payments, including refunds of employee contributions | (3,141,292) | (3,141,292) | - |
| Administrative expense | - | (52,978) | 52,978 |
| Other changes | - | 694 | (694) |
| Net changes | 4,823,432 | (1,515,794) | 6,339,226 |
| Balance at 12/31/2018 | $ 74,280,862 | $ 65,957,811 | $ 8,323,051 |

The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date and for the year then ended.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

*Discount Rate Sensitivity Analysis . . .* The following presents the net pension liability of the County, calculating the discount rate of 8.1%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

| | 1% Decrease in Discount Rate (7.1%) | Discount Rate (8.1%) | 1% Increase in Discount Rate (9.1%) |
|---|---|---|---|
| County's Net Pension Liability | $ 18,512,049 | $ 8,323,051 | $ (155,265) |

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions . . . .* For the year ended September 30, 2019, the County recognized pension expense of $ 2,836,344.

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience (net of current year amortization) | $ 97,277 | $ 463,124 |
| Changes in actuarial assumptions | 201,886 | - |
| Differences between projected and actual investments earnings (net of current year amortizations) | 4,186,782 | - |
| Contributions subsequent to the measurement date | 1,235,854 | - |
| Total | $ 5,721,799 | $ 463,124 |

$ 1,235,854 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

| Year ending September 30 | Amount |
|---|---|
| 2020 | $ 1,483,969 |
| 2021 | 636,520 |
| 2022 | 559,435 |
| 2023 | 1,342,897 |
| 2024 | - |
| Thereafter | - |
| Total | $ 4,022,821 |

**Other Post-Employment Benefits . . .** The County provides post-employment benefits for certain employees for current and future health, dental and life insurance benefit expenses through a single-employer defined benefit plan. An annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The latest actuarial valuation was made December 31, 2018. The post-employment plan does not issue stand-alone financial reports.

Full-time employees of the County who retire after October 1, 2004 are eligible to participate in the retiree health care plan effective the first day of the next month and will receive a county paid insurance subsidy. Full-time employees of the County who retired prior to October 1, 2004 were not eligible to receive a county paid insurance.

*Health Care Benefit Eligibility Conditions . . .* Active full-time Employees must be eligible for retirement under the Texas County and County Retirement System (TCDRS). Such covered employee must meet the County's "rule of 75" requirement of combined years of service and years of age in addition to current guidelines for being vested and qualified to retire from the County. The guidelines to qualify for retirement in force at the time of the covered employee's retirement shall apply.

Age 60 with 8 years of service;
Any age with 30 years of service;
Rule of 75 (age plus years of service equals 75).

Once a retiree reaches Medicare eligibility, they are no longer eligible to purchase the County's health insurance.

*Health Care Benefit Provided by Plan*

**Member**: Under age 65, 100% covered by the County for retirees who retired after October 1, 2004
**Spouse**: Under age 65, 100% paid by retiree
**Dependent**: Until age 23 if full-time student, 100% paid by retiree

The County's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 75. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ended September 30, 2019, is as follows:

| | |
|---|---|
| Total OPEB Liability | |
| Service cost | $ 910,840 |
| Interest on the total OPEB liability | 391,351 |
| Changes of benefit terms | - |
| Difference between expected and actual experience | - |
| of the total OPEB liability | (1,292,980) |
| Changes of assumptions | (84,476) |
| Benefit payments | (517,331) |
| Net change in total OPEB liability | (592,596) |
| Total OPEB liability - beginning | 11,626,554 |
| Total OPEB liability - ending | $ 11,033,958 |

The ending Total OPEB Liability was as of December 31, 2019 was $11,033,958.

Membership Information – the following Schedule presents information about Member participants:

| | |
|---|---|
| Inactive Plan Members or Beneficiaries Receiving Benefits | 29 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | - |
| Active Plan Members | 314 |
| Total Plan Members | 343 |

| | |
|---|---|
| Service Cost | $ 910,840 |
| Interest on the Total OPEB liability | 391,351 |
| Current-Period Changes | - |
| OPEB Plan Administrative Expense | - |
| Recognition of Current Year Outflows (Inflows) due to liabilities | (164,053) |
| Amortization of Prior Year Outflows (Inflows) due to liabilities | 67,354 |
| Total OPEB Expense | $ 1,205,492 |

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the County's retiree benefit plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computer to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

| | |
|---|---|
| Valuation Date: | December 31, 2018 |
| Methods and Assumptions: | |
| Actuarial Cost Method | Individual Entry-Age Normal |
| Discount Rate | 3.71% as of December 31, 2018 |
| Inflation rate | 2.50% |
| Salary Increase | 0.50% to 5.00%, not including wage inflation of 3.25% |
| Demographic Assumptions | Based on the experience study covering the four-year period ending December 31, 2016 as conducted for the Texas County and District Retirement System (TCDRS) Mortality For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Table are used with male rates multiplied by 130% and female rates multiplied by 110%. Those rates are projected on a fully generational basis based on 110% of the ultimate rates of Scale MP-2014 |
| Healthcare Trend Rates | Initial rate of 7.10% declining to an ultimate rate of 5.50% after 9 years; Ultimate trend rate includes a 1.25% adjustment for the excise tax. |
| Participant Rates | It was assumed that 100% of retirees who are eligible for County paid coverage would choose to maintain their coverage after retirement. |
| Salary growth | 3.0% per annum |
| Healthcare cost trend rate | Initial rate of 7.50% declining to an ultimate rate of 5.50% after 9 years |

The discount rate changed from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018. Additionally, the health care trend rates were updated to reflect the plan's anticipated experience.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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## FINANCIAL INFORMATION

**TABLE 13 – CHANGES IN NET ASSETS**

| | Fiscal Year Ended September 30, | | | | |
|---|---|---|---|---|---|
| Program Revenues | 2019 (1) | 2018 | 2017 | 2016 | 2015 |
| Charges for Services | $ 5,588,582 | $ 5,535,431 | $ 5,602,786 | $ 5,983,902 | $ 5,368,344 |
| Operating Grants and Contributions | 1,621,545 | 1,948,853 | 2,030,041 | 1,741,927 | 2,192,919 |
| Capital Grants and Contributions | 581,437 | 509,765 | 710,046 | 265,262 | 1,427,979 |
| General Revenues | | | | | |
| Ad Valorem Taxes | 31,187,703 | 28,251,984 | 25,716,943 | 25,280,274 | 24,126,372 |
| Sales Taxes and Other Taxes | 7,609,541 | 7,326,947 | 7,164,660 | 6,707,357 | 6,210,954 |
| Investment Earnings | 675,310 | 387,650 | 135,879 | 49,533 | 15,880 |
| Other Revenues | 376,152 | 115,231 | 23,741 | 118,407 | 38,630 |
| Total Revenues | $ 47,640,270 | $ 44,075,861 | $ 41,384,096 | $ 40,146,662 | $ 39,381,078 |
| Expenses: | | | | | |
| General Government | $ 8,126,369 | $ 7,638,185 | $ 7,433,804 | $ 5,968,468 | $ 5,942,158 |
| Justice System | 11,934,486 | 10,636,605 | 10,968,948 | 10,566,912 | 10,756,717 |
| Infastructure and Environmental Services | 10,386,817 | 8,810,401 | 7,569,174 | 7,172,514 | 6,219,273 |
| Corrections, Rehabilitation and Public Safety | 15,942,024 | 13,702,374 | 14,142,683 | 13,274,879 | 12,409,692 |
| Health and Human Services | 1,441,842 | 1,263,438 | 1,255,424 | 1,182,229 | 1,204,768 |
| Community and Economic Development | 599,721 | 336,592 | 474,996 | 299,109 | 919,844 |
| Debt Service | 326,173 | 244,646 | 128,351 | 48,882 | 224,620 |
| Total Expenses | $ 48,757,432 | $ 42,632,241 | $ 41,973,380 | $ 38,512,993 | $ 37,677,072 |
| Increase in Net Assets before Transfers | $ (1,117,162) | $ 1,443,620 | $ (589,284) | $ 1,633,669 | $ 1,704,006 |
| Special Item Increase (Decrease) | - | - | 223,300 | - | 2,120,000 |
| Changes in Net Assets | $ (1,117,162) | $ 1,443,620 | $ (365,984) | $ 1,633,669 | $ 3,824,006 |
| Net Assets - Beginning | 42,437,824 | 40,994,204 | 41,360,188 | 39,726,519 | 35,902,513 |
| Net Assets - Ending | $ 41,320,662 | $ 42,437,824 | $ 40,994,204 | $ 41,360,188 | $ 39,726,519 |

(1) Fiscal Year End 2020 information not available at this time.

## TABLE 13A - GENERAL FUND REVENUE AND EXPENDITURE HISTORY

| | Fiscal Year Ending September 30, | | | | |
|---|---|---|---|---|---|
| Revenues | 2020 (2) | 2019 | 2018 | 2017 | 2016 |
| Ad Valorem Taxes | $ 26,396,466 | $ 24,221,637 | $ 21,488,138 | $ 19,752,583 | $ 19,579,201 |
| Sales Taxes | 5,324,353 | 5,668,958 | 5,412,632 | 5,279,783 | 4,815,573 |
| Fines and Fees | 3,764,728 | 3,407,497 | 3,335,210 | 3,433,697 | 3,473,044 |
| Interest Earned | 164,977 | 479,418 | 236,688 | 426,505 | 411,616 |
| Intergovernmental Support | 507,373 | 476,323 | 518,295 | 610,858 | 491,916 |
| Motor Vehicle Fees | 223,313 | 419,761 | 434,089 | 93,865 | 39,404 |
| Miscellaneous | 1,121,739 | 942,864 | 883,787 | 882,847 | 968,846 |
| Total Revenues | $ 37,502,949 | $ 35,616,458 | $ 32,308,839 | $ 30,480,138 | $ 29,779,600 |
| Expenditures | | | | | |
| General Government | $ 7,203,003 | $ 7,242,071 | $ 6,130,291 | $ 6,313,656 | $ 7,141,301 |
| Judicial | 9,887,848 | 9,241,689 | 8,907,108 | 8,855,045 | 8,341,403 |
| Public Safety | 7,926,233 | 7,411,319 | 6,856,358 | 6,769,293 | 6,650,263 |
| Corrections and Rehabilitation | 6,775,479 | 6,335,322 | 6,064,663 | 5,779,872 | 5,557,014 |
| Health and Human Services | 933,719 | 873,062 | 814,204 | 765,944 | 737,656 |
| Community Development | 238,918 | 223,397 | 210,940 | 188,833 | 193,919 |
| Infrastructure | 500 | 500 | 500 | 500 | 500 |
| Debt Service | 58,179 | 58,179 | 58,179 | 58,179 | 22,659 |
| Total Expenditures | $ 33,023,879 | $ 31,385,539 | $ 29,042,243 | $ 28,731,322 | $ 28,644,715 |
| Other Resources (Uses): | | | | | |
| Sale of Fixed Assets | $ - | $ - | $ 14,649 | $ - | $ - |
| Transfers In (Out) | - | (9,817,390) | (546,401) | (565,872) | (311,279) |
| Litigation Settlement | - | - | - | 223,300 | - |
| Total Other Resources (Uses) | $ - | $ (9,817,390) | $ (531,752) | $ (342,572) | $ (311,279) |
| Excess (Deficiency) of Revenues and Other Resources Over Expenditures and Other Uses | $ 4,479,070 | $ (5,586,471) | $ 2,734,844 | $ 1,406,244 | $ 823,606 |
| Prior Period Adjustments | | | | | |
| Fund Equity October 1 (Beginning) | 13,831,684 | 19,418,156 | 16,683,312 | 15,277,068 (1) | 14,453,463 |
| Fund Equity - September 30 (Ending) | $ 18,310,754 | $ 13,831,685 | $ 19,418,156 | $ 16,683,312 | $ 15,277,069 |

(1) Restated.
(2) Preliminary unaudited information provided by County Staff.

ACCOUNTING AND BUDGET POLICIES

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide and Fund Financial Statements . . . The governmental-wide financial statement (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation . . . The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 50 days of the end of the current fiscal period, with the exception of intergovernmental revenues, which have a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, landfill closer/post close costs, are recorded only when the liability has matured.

Property taxes, sales taxes, franchise fees and licenses, intergovernmental revenues, certain charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives the cash as the resulting receivables are deemed immaterial.

Budgetary Procedures . . . The budget is prepared by the County staff and approved by the Commissioners Court following departmental budget reviews and, if required, a public hearing. A copy of the budget must be filed with the County Clerk and the County Auditor and made available to the public. The Commissioners Court must provide for a public hearing on the budget on some date within seven calendar days after the filing of the budget and prior to September 30 of the current fiscal year.

INVESTMENTS

The County invests its investable funds in investments authorized by Texas law (including specifically Chapter 2256, Texas Government Code, as amended, the "PFIA") in accordance with investment policies approved by the Commissioners Court of the County. Both State law and the County's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under the PFIA, the County is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit that are issued by a state or national bank domiciled in the State of Texas, a savings bank domiciled in the State of Texas, or a state or federal credit union domiciled in the State and are guaranteed or insured by the FDIC or the National Credit Union

Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits, (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for County deposits or a) where the funds are invested by an investing entity through: (i) a broker that has its main office or a branch office in this State and is selected from a list adopted by the County; or (ii) a depository institution that has its main office or a branch office in this State and that is selected by the County; (b) where the broker or the depository institution selected by the County under (a) arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the County; (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (iv) the County appoints the depository institution selected by the County under (a), an entity described by Section 2257.041(d), or a clearing broker-dealer registered with the United States Securities and Exchange Commission (the "SEC") and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the County; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State; (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the County, held in the County's name and deposited at the time the investment is made with the County or a third party designated by the County; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (10) certain bankers' acceptances with the remaining term of 365 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-loan money market mutual funds registered with and regulated by the SEC that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share; and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph. The County also is authorized by the PFIA to invest its funds in certificates of deposit issued by one or more federally insured depository institutions, wherever located, in accordance with procedures set forth in the PFIA.

The County may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent rating by at least one nationally recognized rating service and meet other requirements listed in Section 2256.016 of the PFIA.

Notwithstanding the preceding, the County may not invest in obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest; or collateralized mortgage obligations that have a stated final maturity date of greater than ten years or the interest rate of which is determined by an index that adjusts opposite to the changes in a market index. The County may not invest in the aggregate more than 15% of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for debt service, in mutual funds described in clause (13) above, and may not invest any portion of bond proceeds, reserves, and funds held for debt service in mutual funds described in clause (13) above. Nor may the County invest its funds or funds under its control, including bond proceeds, reserves, and other funds held for debt service, in any one mutual fund described in clauses (12) or (13) above in an amount that exceeds 10% of the total assets of the mutual fund. The County must also restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement proceeds to no greater than the term of the reverse repurchase agreement.

**INVESTMENT POLICIES** . . . Under State law, the County is required to invest its funds under a written investment policy that primarily emphasizes safety of principal and liquidity; that addresses investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for County funds, maximum allowable stated maturity of any individual investment, and the maximum average dollar-weighted maturity allowed for pooled fund groups. All County funds must be invested in accordance with a formally adopted "Investment Strategy Statement" which specifically addresses each fund's or each group of funds' investment. Each Investment Strategy Statement will describe the investment objectives for the fund or group of funds in question to address specifically: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

Under State law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest County funds without express written authority from the Commissioners Court. At least quarterly, the investment officers of the County must submit an investment report to the Commissioners Court which is prepared jointly and signed by all investment officers and which meets the reporting requirements of Section 2256.023 of the PFIA.

**ADDITIONAL PROVISIONS** . . . Under State law, the County is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Commissioners Court; (4) require the qualified representative of firms offering to engage in an investment transaction with the County to: (a) receive and review the County's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the County and the business organization that are not authorized by the County's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the County's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the County and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the County's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (8) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the County.

The County's investment policy requires that its funds be invested in accordance with State law. The County generally invests in public fund investment pools or obligations of the United States or its agencies and instrumentalities.

**TABLE 14 - CURRENT INVESTMENTS**

As of September 30, 2020, the County's investable funds were invested in the following categories:

| Description | Percent | Value |
|---|---|---|
| TexPool [1] | 17.57% | $ 4,840,803 |
| Bank CD's | 4.13% | 1,138,913 |
| TexSTAR [1][2] | 10.44% | 2,875,901 |
| Logic [2] | 67.85% | 18,691,661 |
| | 100.00% | $ 27,547,278 |

(1) A portion of the County's investments are invested in TexSTAR, Logic and TexPool, each of which is an investment pool that has an investment objective of achieving and maintaining a stable net asset value of $1.00 per share. Daily investment or redemption of funds is allowed by the participants.

(2) TexSTAR and Logic are local government investment pools for which Hilltop Securities Inc., the District's financial advisor, provides customer service and marketing.

**Qualified Tax-Exempt Bonds for Financial Institutions** . . . Section 265(a) of the Code provides, in general, that no deduction is allowed for interest expense incurred or continued by a taxpayer to acquire or carry tax-exempt obligations. In addition to this general disallowance, section 265(b) of the Code provides a specific complete disallowance of the pro rata interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the Code also provides an exception to this complete disallowance for interest expense allocable to tax-exempt obligations (other than private activity bonds) that are designated by an issuer, such as the County, as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The County will designate the Bonds as "qualified tax-exempt obligations." The County has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the County and entities aggregated with the County under the Code during the calendar year in which the Bonds are issued is not expected to exceed $10,000,000 and that the County and entities aggregated with the County under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during the calendar year in which the Bonds are issued.

Notwithstanding the designation of the Bonds as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

## CONTINUING DISCLOSURE OF INFORMATION

In the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement while it remains obligated to advance funds to pay the Bonds. Under each agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

**Annual Reports** . . . The County will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1 through 7 and 9 through 14 and in Appendix B. The County will update and provide the annual financial information appearing in the numbered tables described in the preceding sentence within six months after the end of each fiscal year ending in and after 2021 and, if not submitted as part of the annual financial information, the County will provide its audited annual financial statement when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified below or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The County's current fiscal year end is September 30. Accordingly, the County must provide updated information included in Tables 1 through 7 and 9 through 14 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the County otherwise would be required to provide financial information and operating data as set forth above.

**Notice of Certain Events** . . . The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the 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 of a definitive agreement to amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

### TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT

The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "Tax Matters – Tax Exemption" and "Tax Matters – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Initial Purchaser of the Bonds has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the cover page of this Official Statement. Neither the County nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Original Discount Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

### TAX LEGISLATIVE CHANGES

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

**Qualified Tax-Exempt Bonds for Financial Institutions** . . . Section 265(a) of the Code provides, in general, that no deduction is allowed for interest expense incurred or continued by a taxpayer to acquire or carry tax-exempt obligations. In addition to this general disallowance, section 265(b) of the Code provides a specific complete disallowance of the pro rata interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the Code also provides an exception to this complete disallowance for interest expense allocable to tax-exempt obligations (other than private activity bonds) that are designated by an issuer, such as the County, as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The County will designate the Bonds as "qualified tax-exempt obligations." The County has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the County and entities aggregated with the County under the Code during the calendar year in which the Bonds are issued is not expected to exceed $10,000,000 and that the County and entities aggregated with the County under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during the calendar year in which the Bonds are issued.

Notwithstanding the designation of the Bonds as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

## CONTINUING DISCLOSURE OF INFORMATION

In the Order, the County has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The County is required to observe the agreement while it remains obligated to advance funds to pay the Bonds. Under each agreement, the County will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

**Annual Reports** . . . The County will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System ("EMMA") at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the County of the general type included in this Official Statement under Tables numbered 1 through 7 and 9 through 14 and in Appendix B. The County will update and provide the annual financial information appearing in the numbered tables described in the preceding sentence within six months after the end of each fiscal year ending in and after 2021 and, if not submitted as part of the annual financial information, the County will provide its audited annual financial statement when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the County will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the County may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified below or filed with the United States Securities and Exchange Commission (the "SEC'), as permitted by SEC Rule 15c2-12 (the "Rule").

The County's current fiscal year end is September 30. Accordingly, the County must provide updated information included in Tables 1 through 7 and 9 through 14 by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by September 30 in each year, unless the County changes its fiscal year. If the County changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the County otherwise would be required to provide financial information and operating data as set forth above.

**Notice of Certain Events** . . . The County will also provide timely notices of certain events to the MSRB. The County will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the 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 of 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; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material, (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, (A) any event described in the immediately preceding clause (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 of business of the County, and (B) the County intends the words used in clauses (15) and (16) in the immediately preceding paragraph to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

**Limitations and Amendments** . . . The County has agreed to update information and to provide notices of certain events only as described above. The County has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The County makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The County disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the County to comply with its agreement.

The County may amend its continuing disclosure agreement 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, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the County (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that such amendment or repeal would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the County so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**Compliance with Prior Undertakings** . . . During the last five years, the County believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

## OTHER INFORMATION

### Rating

The Bonds and the presently outstanding tax supported debt of the County is rated "Aa2" by Moody's without regard to third-party credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the County makes no representation as to the appropriateness of the ratings. The ratings are not a recommendation to buy, sell or hold the Bonds and may be subject to revision or withdrawal at any time. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

### LITIGATION

It is the opinion of the County Attorney and County Staff that there is no pending, or to their knowledge, threatened litigation or other proceeding against the County that would have a material adverse financial impact upon the County or its operations.

At the time of the initial delivery of the Bonds, the County Attorney will notify the initial purchaser if there has been any lawsuit or claim challenging the issuance of the Bonds or that affects the payment, delivery or security of the Bonds of which the County Attorney has been notified.

### REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The County assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

### LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments and are investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the County has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

### LEGAL MATTERS

The County will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding special obligations of the County, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds. See "Tax Matters" herein, for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel did not take part in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firms have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in their capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provision of the Order. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry- Only System.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

### AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from County records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

**FINANCIAL ADVISOR**

Hilltop Securities Inc. ("HilltopSecurities") is employed as Financial Advisor to the County in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Financial Advisor has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the County has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

**INITIAL PURCHASER OF THE BONDS**

After requesting competitive bids for the Bonds, the County accepted the bid of ______________________________ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium (if any) of $__________. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the County to the Initial Purchaser of the Bonds. The County has no control over the price at which the Bonds are subsequently sold and the initial yields at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Bonds.

**CERTIFICATION OF THE OFFICIAL STATEMENT**

At the time of payment for and delivery of the Bonds, the County will furnish a certificate, executed by an authorized representative of the County, acting in such officer's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the County contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the County since the date of the last audited financial statements of the County.

**MISCELLANEOUS**

The financial data and other information contained herein have been obtained from the County's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Order authorizing the issuance of the Bonds will approve the form and content of this Official Statement, and any addenda, supplement, or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Purchaser.

______________________________
BOBBY W. STOVALL
Judge
Hunt County, Texas

ATTEST:

______________________________
JENNIFER LINDENZWEIG
County Clerk

## APPENDIX A

GENERAL INFORMATION REGARDING THE COUNTY

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**THE COUNTY** . . . Hunt County (the "County") is located in Northeast Texas approximately 40 miles from Dallas. The County is traversed by Interstate 30, U.S. Highways 67 and 69, Texas Highways 24, 34, 224, 380 and some 15 farm-to-market roads.

Population of the County reached 50,350 in 1920, declining to 39,399 in 1960 and steadily increasing to 47,948 in 1970, 55,248 in 1980, 76,596 in 2000, a 2010 Census population of 86,129, and an estimated 2021 population of 100,000.

**ECONOMY** . . . Hunt County's economy is based primarily on agriculture and manufacturing. Agricultural products include cattle, horses, dairy products, hay, cotton, sorghums, wheat, oats and some timber and oil production. The top ten employers in Hunt County are as follows:

| Company | Number of Employees |
|---|---|
| L-3 Communications | 6,500 |
| Hunt Regional Medical Center | 1,100 |
| Texas A&M University-Commerce | 904 |
| Greenville ISD | 709 |
| McKeeson | 500 |
| City of Greenville | 423 |
| Hunt County | 389 |
| Cytec Engineered Materials | 350 |
| Wal-Mart | 315 |
| Weatherford Artificial Lift | 300 |

**LABOR AND EMPLOYMENT ANALYSIS** . . . Economic growth and development during the past five years in the County, and the immediate surrounding area, has provided a high rate of employment for the available labor force. Statistical data (annual average) for the County is as follows:

| | November | Average Annual | | | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Civilian Labor Force | 44,111 | 43,412 | 42,504 | 41,383 | 40,499 | 38,913 |
| Employed | 41,093 | 41,871 | 40,897 | 39,733 | 38,767 | 37,077 |
| Unemployed | 3,018 | 1,541 | 1,607 | 1,650 | 1,732 | 1,836 |
| Percent Unemployed | 6.84% | 3.55% | 3.78% | 3.99% | 4.28% | 4.72% |

Source: Economic Research and Analysis Department estimates - Texas Workforce Commission.

**EDUCATION** . . . The following are the major colleges and universities located within a 60-mile radius of the County.

| | |
|---|---|
| Texas A&M - Commerce | Commerce, Texas |
| Austin College | Sherman, Texas |
| Collin County Community College County | Plano, Texas |
| Dallas County Community College System | Dallas County, Texas |
| Southern Methodist University | Dallas, Texas |
| University of Dallas | Dallas, Texas |
| University of Texas at Dallas | Dallas, Texas |

**GROWTH INDICES**

*Transportation* . . . There are six major highways serving the City . . . Highways 66, 380, 34, 224, 69 and Interstate 30. Worldwide air service is readily and conveniently accessible to the City at Dallas Love Field, approximately one hour by auto, and the Dallas-Fort Worth International Airport, approximately one and one-half hours by auto. Charter air service and service for private aircraft are provided at Greenville's Municipal Airport. Three railroads, an interstate bus line, four motor freight companies and two express companies service the City, with air freight service allowing overnight delivery to most major continental U.S. points.

*Municipal Airport* . . . The Greenville Municipal Airport has a heavy-duty hard surface runway, 8,029 feet in length, capable of handling even the largest of aircraft. Most of the airport's large aircraft traffic is connected with L-3 Communications. This company leases the bulk of the airport's facilities, including very large aircraft hangers, which house fabrication and modification operations. Charter air service and service for private aircraft are provided by a fixed base operator. A major runway reconstruction project was completed in 1992. The costs of this project are being paid by L3.

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**APPENDIX B**

EXCERPTS FROM THE

HUNT COUNTY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2019

The information contained in this Appendix consists of excerpts from the Hunt County, Texas Comprehensive Annual Financial Report for the Year Ended September 30, 2019, and is not intended to be a complete statement of the County's financial condition. Reference is made to the complete Report for further information.

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**APPENDIX C**

FORM OF BOND COUNSEL'S OPINION

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BRACEWELL

March __, 2021

$_________
HUNT COUNTY, TEXAS
LIMITED TAX PERMANENT IMPROVEMENT BONDS,
SERIES 2021

WE HAVE represented Hunt County, Texas (the "Issuer"), as its bond counsel in connection with an issue of bonds (the "Bonds") described as follows:

HUNT COUNTY, TEXAS LIMITED TAX PERMANENT IMPROVEMENT BONDS, SERIES 2021, dated February 15, 2021.

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the order (the "Order") adopted by the Commissioners Court of the Issuer on February 23, 2021 authorizing their issuance.

WE HAVE represented the Issuer as its bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer; customary certificates of officers, agents and representatives of the Issuer, and other public officials; and other certified showings relating to the authorization and issuance of the Bonds. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Order, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

(A) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the Issuer;

(B) A continuing ad valorem tax upon all taxable property within Hunt County, Texas, necessary to pay the interest on and principal of the Bonds, has been levied and pledged irrevocably for such purposes, within the limits prescribed by law, and the total indebtedness of the Issuer, including the Bonds, does not exceed any constitutional, statutory or other limitation; and

(C) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Bonds or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Order, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

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