

ORDER AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF HIDALGO COUNTY, TEXAS LIMITED TAX REFUNDING BONDS, SERIES 2018C; DELEGATING CERTAIN AUTHORITY TO THE COUNTY JUDGE, THE COUNTY EXECUTIVE OFFICER, AND THE COUNTY BUDGET OFFICER PURSUANT TO THE PROVISIONS OF TEXAS GOVERNMENT CODE, SECTIONS 1207.007 AND 1207.008; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX; AUTHORIZING THE REFUNDING OF CERTAIN OUTSTANDING OBLIGATIONS FOR THE PURPOSE OF RESTRUCTURING THE COUNTY'S DEBT; AUTHORIZING THE EXECUTION OF A BOND PURCHASE CONTRACT; APPROVING AN OFFICIAL STATEMENT, EXECUTION OF AN ESCROW AND TRUST AGREEMENT, AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO.

STATE OF TEXAS §

COUNTY OF HIDALGO §

WHEREAS, the Commissioners Court (the "Commissioners Court") of Hidalgo County, Texas (the "County"), has heretofore issued, sold, and delivered, and there are currently outstanding callable obligations which are payable from an ad valorem tax levied, within the limits prescribed by law, on taxable property located within the County, as authorized pursuant to the Certificate of Obligation Act of 1971, as amended, Chapter 271, Subchapter C of the Texas Local Government Code, as amended (the "Act") and Chapter 137, Acts of the 23rd Legislation, Regular Session 1993 (Government Code Section 1431.001, et seq), to pay principal of and interest on the obligations as they become due, of the following series:

Hidalgo County, Texas Certificates of Obligation, Series 2009, dated January 1, 2009 , in the original principal amount of \$24,280,000, of which the principal amounts maturing on or after August 15, 2019 in whole or in part, can be redeemed on August 15, 2018, and on any date thereafter (the "Refundable Obligations Candidates");

WHEREAS, the Commissioners Court has determined that the ____ through and including ____ maturities of the Series ____ Bonds may be advance refunded by the County for the purpose of maintaining a level debt service tax to accommodate payment of principal and interest on current debt (but for the refunding, the County's debt tax would fluctuate) and hereby finds and determines that the refunding contemplated in this Resolution is in the best interest of the County;

WHEREAS, the Commissioners Court has determined that the manner in which the refunding is being executed does not make it practicable to make the determination required by Section 1207.008(a)(2), as amended, Texas Government Code.

WHEREAS, Chapter 1207.061(a)(1), as amended, Texas Government Code authorizes the County to issue and sell refunding bonds and to deposit the proceeds thereof with a paying agent for any of the Refunded Bonds with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the County and such paying agent may agree, provided that such deposits may be invested and

reinvested in direct obligations of the United States, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and which shall mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the currently outstanding obligations to be refunded;

WHEREAS, The Bank of New York Mellon Trust Company, N.A. currently serves as the paying agent for the Refunded Bonds and is hereinafter appointed as the Escrow Agent (hereinafter defined) for the refunding bonds, as hereinafter defined;

WHEREAS, the Commissioners Court hereby finds and declares it a public purpose, and deems it advisable, to refund the Refunded Bonds, in order to achieve a net present value debt service savings; and

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

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

1. Definitions. Throughout this Order the following terms and expressions as used herein shall have the meanings set forth below:

The term "Attorney General" shall mean the Attorney General of Texas.

The term "Bonds" shall mean the "Hidalgo County, Texas Limited Tax Refunding Bonds, Series 2018C," (and include all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto), and the term "Bond" shall mean any of the Bonds.

The term "Business Day" shall mean any day that is not a Saturday, Sunday, a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed or a legal holiday.

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

The term "Commissioners Court" shall mean the Commissioners Court of Hidalgo County, Texas.

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

The term "County" and "Issuer" shall mean Hidalgo County, Texas, and any successor to its duties and functions.

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

The term “DTC Participant” shall mean brokers and dealers, bank, 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.

The term “Fiscal Year” shall mean the County’s then designated fiscal year which shall be the twelve-month period beginning on January 1 of one year and ending on December 31 of the following year or such other period of twelve months as may be approved by Commissioners Court.

The term “Interest and Sinking Fund” shall mean the debt service fund required to be established by the County pursuant to Section 20 of this Order.

The term “Interest Payment Date” when used in connection with any Bond, shall mean February 15 and August 15 of each year, commencing February 15, 2019 and continuing thereafter until maturity.

The term “Issue Date” shall mean the date on which the Bonds are delivered to, and paid for by the purchaser(s) of the Bonds.

The term “MSRB” means the Municipal Securities Rulemaking Board.

The term "Officer Pricing Certificate" shall mean a certificate relative to the final terms required to undertake the refunding of the Refunded Bonds.

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

The term “Outstanding”, when used with respect to the Bonds, shall mean, as of a particular date, all Bonds theretofore and thereupon delivered pursuant to this Order except: (a) any Bond canceled by or on behalf of the County at or before such date; (b) any Bond defeased pursuant to the defeasance provisions of this Order or otherwise defeased as permitted by applicable law; and (c) any Bond in lieu of or in substitution for which a replacement Bond shall have been delivered pursuant to this Order.

The term “Owner” shall mean any person who shall be the registered owner of any outstanding Bond.

The term “Paying Agent/Registrar” shall mean The Bank of New York Mellon Trust Company, N.A., Dallas, Texas and its successors in the capacities of paying agent and registrar for the Bonds.

The term “Pricing Officer” shall mean the County Judge, the County Executive Officer, and the County Budget Officer, who are authorized by this Order to sign the Officer Pricing Certificate.

The term “Purchaser” shall mean the initial purchaser of the Bonds designated in this Order.

The term “Record Date,” as used in connection with any Bond, shall mean the close of business on the last business day of the month next preceding each Interest Payment Date.

The term “Register” shall mean the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner of Bonds.

The term “Registered Owner or Owners” shall mean the person or entity in whose name any Bond is registered in the Register.

The term “Rule” shall mean SEC Rule 15c2-12, as amended from time to time.

The term “SEC” shall mean the United States Securities and Exchange Commissioners.

All terms defined herein and all pronouns used in this Order shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the sections are 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 and provisions hereof. This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the levy of ad valorem taxes to pay the principal of and interest on the Bonds.

2. Findings. The County hereby finds and determines that the recitals contained in the preamble hereto are true and correct and hereby incorporates the said recitals in the preamble as if set forth in full at this place.

3. Authorization; Amount; Purposes. The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas. The Bonds shall be issued as set forth in the Officer Pricing Certificate, and shall be issued in the original aggregate principal amount as hereinafter set out for the purpose of providing funds to refund the Refunded Bonds, to the extent provided in the Officer Pricing Certificate, and paying the costs and expenses of issuing the Bonds. As authorized by Section 1207.007, Texas Government Code, as amended, the Pricing Officer is hereby authorized to act on behalf of the Issuer in selling and delivering the Bonds, carrying out the procedures specified in this Order, including, determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the terms of the Bonds, the principal amount to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment dates, the price and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the Issuer, as

well as any mandatory sinking fund redemption provisions, and shall state the actual loss (gross and present value) in the Officer Pricing Certificate; and all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be specified in the Officer Pricing Certificate; provided that the following conditions are met: (a) the aggregate principal amount of the Refunding Bonds to be issued shall not exceed the aggregate principal amount of the Refunded Bonds Candidates and (b) the Bonds, as a whole, shall not bear a net effective interest rate greater than 5.25% per annum (as defined in Chapter 1204, Texas Government Code, as amended). The delegation made hereby shall expire if not exercised by the Pricing Officer on or prior to March 11, 2019. The Bonds shall be sold by negotiated sale to the Underwriter(s) pursuant to a bond purchase agreement in substantially the form presented to the Board on the date of adoption of this Order at such price, with and subject to such terms as set forth in the Officer Pricing Certificate, to be executed by the Pricing Officer on behalf of the Issuer, substantially, in the form attached hereto as Exhibit "A". The Bonds may be issued as set forth in the Officer Pricing Certificate.

4. Designation, Dated Date and Interest Payment Dates. The Bonds shall be designated as the "Hidalgo County, Texas Limited Tax Refunding Bonds, Series 2018C" and shall be dated for convenience purposes September 15, 2018 (the "Dated Date"). The Bonds shall bear interest at the rates set forth in Section 5 of this Order from the later of the date of delivery, or the most recent Interest Payment Date to which such interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, payable on February 15 and August 15 of each year, commencing February 15, 2019, until maturity or prior redemption of the Bonds.

5. Initial Bonds: Numbers and Denominations. The Bonds herein authorized shall be issued initially either (i) as a single fully registered Bond in the total principal amount of \$ _____* with principal installments to become due and payable as provided in this Section 5 and numbered T-1, or (ii) as separate fully registered Bonds for each year of stated maturity in the applicable principal amounts and denominations and to be numbered consecutively from T-1 and upward (the "Initial Bond(s)"), and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) (the "Underwriter(s)"). The Initial Bond(s) shall be submitted to the office of the Attorney General of the State of Texas for approval, certified and registered by the office of the Comptroller of Public Accounts and delivered to the Paying Agent/Registrar. Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the Underwriter(s), or the designee(s) thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, stated maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Underwriter(s) named at the address identified therefor; all pursuant to and in accordance with such written instructions from the County, and such other information and documentation as the Paying Agent/Registrar may reasonably require. The Initial Bond(s) submitted to the Attorney General of Texas may be typewritten, photocopied, or otherwise reproduced.

The Bonds shall mature and be payable serially on August 15 in each of the years and in the principal amounts as follows;

MATURITY SCHEDULE*

\$ _____

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
-----------------------------	-----------------------------	------------------------------

6. Optional Redemption Prior to Maturity: The Bonds are subject to redemption prior to maturity as follows:

(a) The County reserves the right, at its option, to redeem the Bonds having stated maturities on and after _____ prior to maturity, in whole or in part, in such manner as the County may select, on _____, and on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all of the Bonds are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected at random and by lot by the Paying Agent/Registrar on behalf of the County.*

(b) Bonds may be redeemed only in integral multiples of \$5,000 of principal amount. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Bonds for redemption, the Paying Agent/Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of this Order, shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(c) Not less than thirty (30) days prior to redemption date for the Bonds, notice of such redemption shall be sent by U.S. mail, first class postage prepaid, in the name of the County to each Owner of a Bond to be redeemed in whole or in part at the address of such Owner appearing on the Register at the close of business on the Business Day next preceding the date of mailing. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding are to be redeemed, the numbers of Bonds or portions thereof to be redeemed. Any notice of redemption so mailed as provided in this section will be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part, notice of redemption has been given as herein provided and due provision has been made to redeem the same, the Bonds or portions thereof so redeemed shall no longer be regarded to be outstanding, except for the purpose of receiving payment solely from the funds so provided for redemption, and interest which would otherwise accrue after the redemption date on any Bond or portion thereof called redemption shall terminate on the date fixed for redemption.

(d) The Paying Agent/Registrar and the County, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendments to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, (or of any DTC participant or indirect participant to notify the Beneficial Owner), shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the County will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Order and will not be conducted by the County or the Paying Agent/Registrar. Neither the County nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption.

7. Execution of Bonds: Seal. The Bonds shall be signed by the County Judge and countersigned by the County Clerk, 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 such 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. If any officer of the County whose signature shall be on the Bonds, or on any certification required in connection with the Bonds, shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds or certification required in connection with the Bonds, such signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

8. Approval by Attorney General Registration by Comptroller. The Initial Bond(s) shall be delivered to the Attorney General for approval and shall be registered by the Comptroller. The County Judge and the County Clerk are authorized hereby to have control and custody of the Bonds and all necessary records and proceedings pertaining thereto pending their delivery, and the County Judge and the County Clerk and other officers, including the Commissioners of the Commissioners Court, and employees of the County are hereby authorized and directed to make such certifications and to execute such instruments as may be necessary to accomplish the delivery of the Bonds and to assure the investigation, examination and approval thereof by the Attorney General and the registration of the Initial Bonds by the Comptroller. Upon registration of the Bonds, the Comptroller (or the Comptroller's bond clerk, or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually execute the registration certificate of the Comptroller substantially in the form provided in Section 18 of this Order, and such certificate shall be affixed or attached to the Bonds to be initially issued, and the seal of the Comptroller shall be impressed, or placed in facsimile, thereon.

9. Authentication. Except for the Initial Bonds, which need not be authenticated by the Paying Agent/Registrar, only such Bonds as shall bear thereon a certificate of authentication, substantially in the form provided in Section 18 of this Order, manually executed by an authorized representative of the Paying Agent/Registrar, shall be entitled to the benefits of this Order or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Bond so authenticated was delivered by the Paying Agent/Registrar hereunder.

10. Payment of Principal and Interest; Paying Agent/Registrar. The Paying Agent/Registrar is hereby appointed as the registrar and paying agent for the Bonds pursuant to the terms and provisions of the Paying Agent/Registrar Agreement, a copy of which is attached hereto as Exhibit "B", which is hereby authorized, approved and incorporated hereto by reference by the Commissioners Court, and which the appropriate officials of the County are hereby authorized to execute. The officers of the County are each hereby authorized to execute, attest and affix the County's seal to the Paying Agent/Registrar Agreement, the terms and provisions of which are hereby approved. Such initial Paying Agent/Registrar and any successor, by undertaking the performance of the duties of the registrar and paying agent hereunder, and in consideration of the payment of any fees pursuant to the terms of the agreement between the Paying Agent/Registrar and the County and/or the deposits of money pursuant to this Order, shall be deemed to accept and agree to abide by the terms of this Order. All money transferred to the Paying Agent/Registrar in its capacity as registrar or paying agent for the Bonds under this Order (except any sums representing registrar or paying agent fees) shall be held in trust for the benefit of the County, shall be the property of the County and shall be disbursed in accordance with this Order. All matured Bonds presented to the Paying Agent/Registrar for payment shall be paid without the necessity of further instructions from the County. Such Bonds shall be canceled as provided herein.

The principal of the Bonds shall be payable without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender, as they respectively become due and payable, at the trust office of the Paying Agent/Registrar. The interest on each Bond shall be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register. Any accrued interest payable at maturity on a Bond shall be paid upon presentation and surrender of such Bond at the principal trust office of the Paying Agent/Registrar.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date of such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

11. Successor Paying Agents/Registrars. The County covenants that at all times while any Bonds are outstanding it will provide a legally qualified bank, trust company, financial institution or other agency to act as Paying Agent/Registrar for the Bonds. The County reserves the right to change the Paying Agent/Registrar for the Bonds on not less than sixty (60) days' written notice to the Paying Agent/Registrar, as long as any such notice is effective not less than

60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or a copy thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Order.

12. Special Record Date. In the event of a nonpayment of interest on any Interest Payment Date which continues for thirty (30) days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest (the "Special Record Date"). The Paying Agent/Registrar shall establish a Special Record Date upon receipt of funds from or on behalf of the County to make such interest payment. The Special Record Date shall be fifteen days prior to the scheduled payment date of past due interest. Notice of the scheduled payment date of past due interest and the Special Record Date shall be given by U.S. mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner of an affected Bond as of the close of business on the Business Day prior to the mailing of such notice.

13. Ownership; Unclaimed Principal and Interest. 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 of or interest on such Bond 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. 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.

Amounts held by the Paying Agent/Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law, including, to the extent applicable, Title 6 of the Texas Property Code, as amended. To the extent such provisions of the Texas Property Code do not apply to these funds, such funds shall be paid by the Paying Agent/Registrar to the County upon receipt by the Paying Agent/Registrar of a written request therefor from the County. The Paying Agent/Registrar shall have no liability to the Owners of the Bonds by virtue of actions taken in compliance with this section.

14. Registration, Transfer and Exchange. As long as any Bonds remain outstanding the Paying Agent/Registrar shall keep the Register at its corporate trust office and, 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 the terms of this Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form

satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within seventy-two (72) hours after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the trust office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this section. Each Bond delivered in accordance with this section shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The County or the Paying Agent/Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the County.

15. Mutilated. Lost or Stolen Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a damaged or mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The County or the Registrar may require the Owner of a damaged or mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith, including the fees and expenses of the Registrar.

If any Bond is lost, apparently destroyed or wrongfully taken, the County, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The County or the Paying Agent/Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

(a) furnish to the County and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;

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

(c) pay 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 may be imposed; and

(d) meet any other reasonable requirements of the County and the Paying Agent/Registrar.

If, after the delivery of a 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.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the County in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

In accordance with Chapter 1207, Texas Government Code, as amended, each replacement Bond delivered in accordance with this section 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. This section further constitutes authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the County or any other body or person, and the duty of replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar.

16. Cancellation of Bonds. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. The Paying Agent/Registrar shall furnish the County with appropriate certificates of destruction of such Bonds.

17. Book-Entry Only Transfers and Transactions; Depository Trust Corporation
(a) Notwithstanding the provisions contained in Sections 10 and 13 through 16 hereof relating to the payment, and transfer/exchange of the Bonds, the County hereby approves and authorizes the use of "Book-Entry Only" securities clearance, settlement and transfer system provided by the Depository Trust company (DTC), a limited purpose trust company organized under the laws of the State of New York, in accordance with the requirements and procedures identified in the Letter of Representations, by and between the County, the Paying Agent/Registrar and DTC (the "Depository Agreement") relating to the Bonds.

(b) Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the Ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

(c) In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the County determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the County covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bonds to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 10, 14, 15, and 16 hereof.

(d) The definitive Bonds shall be initially issued in the form of a separate single frilly 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 paragraph (g) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Upon delivery by DTC to the 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 being mailed to the Registered Owners at the close of business on the Record Date, the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(e) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in Bonds, (b) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any notice with respect to the Bonds or (c) the payment to any DTC Participant or any other person, other than a Registered Owner, as shown in the Register, of any amount with respect to principal of or interest on the Bonds.

(f) Except as provided in paragraph (g) of this section, 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 purposes of payment of principal of and interest on such Bond and other matters with respect to such Bond, registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered 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 frilly satisfy and discharge the County's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner shall receive a Bond certificate evidencing the obligation of the County to make payments of amounts due pursuant to this Order.

(g) 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 of

the County to DTC, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the County or the Paying Agent/Registrar shall (a) 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 of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (b) notify DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. 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 Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provision of this Order.

(h) Notwithstanding any other provision of this Order to the contrary, as long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of and interest on the Bonds and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the representation letter of the County to DTC.

18. Form of Bonds. The form of the Bonds, including the form of the Paying Agent/Registrar's Authentication Certificate, the form of the insurance legend, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas, which shall be attached or affixed to the Bonds initially issued shall be, respectively, substantially as follows, with such additions, deletions and variations, including any guarantee legend or statement, as may be necessary or desirable and not prohibited by this Order; except that the form of the single fully registered Initial Bond shall be modified and shall be in the form attached hereto as Exhibit "C":

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF TEXAS

REGISTERED
R-

REGISTERED
PRINCIPAL AMOUNT
\$

HIDALGO COUNTY, TEXAS
LIMITED TAX REFUNDING BOND, SERIES 2018C

INTEREST RATE: DATED DATE: MATURITY DATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

HIDALGO COUNTY, TEXAS (the "County"), for value received, promises to pay to the Registered Owner set forth above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at the corporate trust office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas or its successor (the "Paying Agent/Registrar"), the principal amount identified above payable in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year composed of twelve 30-day months, from the date of delivery or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable semiannually on February 15 and August 15 of each year, beginning February 15, 2019, until maturity of this Bond, by check mailed by the Paying Agent/Registrar to the Registered Owner of record as of the close of business on the last business day of the month next preceding each Interest Payment Date, as shown on the registration books kept by the Paying Agent/Registrar. Any accrued interest payable at maturity shall be paid upon presentation and surrender of this Bond at the corporate trust office of the Paying Agent/Registrar.

IN THE EVENT of a nonpayment of interest on any Interest Payment Date which continues for thirty (30) days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest (the "Special Record Date"). The Paying Agent/Registrar shall establish a Special Record Date upon receipt of funds from or on behalf of the County to make such interest payment. The Special Record Date shall be fifteen days prior to the scheduled payment date of past due interest. Notice of the scheduled payment date of past due interest and the Special Record Date shall be given by U.S. mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each Owner of an affected Bond as of the close of business on the Business Day prior to the mailing of such notice.

IF THE DATE for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

THIS BOND is one of a duly authorized issue of bonds dated for convenience purposes September 15, 2018, aggregating \$_____ * (the "Bonds"), issued for the purpose of providing funds to refund the Refunded Bonds, and to pay costs and expenses of issuance, all pursuant to the Constitution and laws of the State of Texas, an order adopted by the Commissioners Court on September 11, 2018 and supplemented by an Officer Pricing Certificate signed on _____ * (the "Order").

THE COUNTY RESERVES THE RIGHT, at its option, to redeem prior to maturity the Bonds maturing on or after _____, in whole or in part, on _____; or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

Bonds may be redeemed only in integral multiples of \$5,000 of principal amount. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Bonds for

redemption, the Paying Agent/Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with the provisions of this Order shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

If less than all of the Bonds are redeemed, the particular maturities or portions thereof to be redeemed shall be selected by lot by the Paying Agent/Registrar on behalf of the County. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by lot or other random method in integral multiples of \$5,000 of principal amount.

Not less than thirty (30) days prior to a redemption date for the Bonds, notice of redemption shall be sent by U.S. mail, first class postage prepaid, in the name of the County to each Owner of a Bond to be redeemed in whole or in part at the address of such Owner appearing on the Register at the close of business on the Business Day next preceding the date of mailing. Such notice shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding are to be redeemed, the numbers of Bonds or portions thereof to be redeemed. Any notice of redemption so mailed as provided in this section will be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part, and notice of redemption has been given as herein provided and due provision has been made to redeem the same, the Bonds or portions thereof so redeemed shall no longer be regarded to be outstanding, except for the purpose of receiving payment solely from the funds so provided for redemption, and interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

The Paying Agent/Registrar and the County, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendments to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, (or of any DTC participant or indirect participant to notify the Beneficial Owner), shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the County will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Order and will not be conducted by the County or the Paying Agent/Registrar. Neither the County nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of

notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the trust office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Order.

THIS BOND IS EXCHANGEABLE at the trust office of the Paying Agent/Registrar for the Bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Order.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Order unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Order.

THE COUNTY has covenanted in the Order that it will at all times provide a legally qualified Paying Agent/Registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; that the Bonds do not exceed any constitutional or statutory limitation; and that annual ad valorem taxes, within the limits prescribed by law, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the County and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this bond has been signed with the manual or facsimile signature of the County Judge of the County and countersigned with the manual or facsimile signature of the County Clerk, and the official seal of the County has been duly impressed, or placed in facsimile, on this bond.

HIDALGO COUNTY, TEXAS

County Clerk

County Judge

(SEAL)

FORM OF REGISTRATION CERTIFICATE
OF COMPTROLLER OF PUBLIC ACCOUNTS

COMPTROLLERS REGISTRATION CERTIFICATE

REGISTER NO. _____

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

WITNESS MY SIGNATURE AND SEAL this _____

Comptroller of Public Accounts
of the State of Texas

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

The following form of authentication certificate shall be printed on the face of each of the Bonds other than those initially delivered:

AUTHENTICATION CERTIFICATE

This Bond is one of the Bonds described in and delivered pursuant to the within-mentioned Order; and except for the Bonds initially delivered, this Bond has been issued in exchange for or replacement of a Bond, Bonds, or a portion of a Bond or Bonds of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of the Public Accounts of the State of Texas.

Date of Authentication: _____

The Bank of New York Mellon
Trust Company, N.A.
2001 Bryan St., 11th Floor
Dallas, Texas 75201

By: _____
Authorized Signature

FORM OF ASSIGNMENT

The following form of assignment shall be printed on the back of each of the Bonds:

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ (Please print or type name, address, and zip code of Transferee) _____ (Please insert Social Security or Taxpayer Identification Number of Transferee) the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to transfer such certificates on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature

Guaranteed: _____

Registered Owner

NOTICE: Signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond to the same name of the registered owner as shown on the face of this certificate in every particular, without any alteration, enlargement, or change whatsoever.

19. Opinion of Bond Counsel: CUSIP. The approving opinion of The J. Ramirez Law Firm, San Juan, Texas, Bond Counsel, and a secretarial certificate certifying that the Bond Counsel Opinion is on file with the County and CUSIP numbers may be printed on the Bonds, but errors or omissions in the printing of such information shall have no effect on the validity of the Bonds.

20. Interest and Sinking Fund; Tax Levy. A special fund to be designated "Hidalgo County, Texas Limited Tax Refunding Bonds, Series 2018C Interest and Sinking Fund" (the "Interest and Sinking Fund") is hereby created, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by this Order shall be deposited, as collected, in the Interest and Sinking Fund. Money on deposit in the Interest and Sinking Fund may, at the option of the County, be invested as permitted under Texas law, provided that all such investments shall be made in such manner that the money will be available at the proper time or times. For purposes of maximizing investment returns, money in the Interest and Sinking Fund may be invested with other money of the County in common investments, or in a common pool of investments, which shall not be deemed to be or constitute a commingling of such money as long as safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by the Interest and Sinking Fund are held by or on behalf of the Interest and Sinking Fund. Money in the Interest and Sinking Fund may, to the extent necessary, be used to

make any required payments to the federal government under the Code to assure that interest on the Bonds is excludable from gross income for federal income tax purposes.

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, and at the same time as other County taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax upon all taxable property in the County, within the limits prescribed by law, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures (but never less than 2% of the original principal amount of the Bonds in any year), full allowance being made for delinquencies and costs of collection. Such taxes are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds

21. Sale; Bond Purchase Contract; Official Statement Approval; Ratings. (a) The Bonds are hereby sold and shall be delivered to Jefferies, Wells Fargo Securities, Frost Bank, JP Morgan, RBC Capital Markets, and Seibert Cisneros Shank & Co., LLC (collectively, the "Underwriters"), at a price of \$_____, computed as (a) \$_____ in principal amount, (b) plus a net premium of \$_____, and (c) less the underwriter's discount of \$_____,* in accordance with the terms of the purchase agreement presented to and hereby approved by the Commissioners Court, which price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the County. Accrued interest will be deposited into the Interest and Sinking Fund. The County Judge and other appropriate officials of the County are hereby authorized and directed to execute such bond purchase contract on behalf of the County, and the County Judge and all other officials, agents and representatives of the County are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.*

(b) The County hereby approves the form and contents of the Preliminary Official Statement, and the final Official Statement, dated as of the date hereof, relating to the Bonds, and any addenda, supplement or amendment thereto, and ratifies and approves the distribution of such Preliminary Official Statement and Official Statement in the offer and sale of the Bonds and in the reoffering of the Bonds by the Purchasers, with such changes therein or additions thereto as the officers executing same may deem advisable, such determination to be conclusively evidenced by their execution thereof. The County Judge is hereby authorized and directed to execute, and the County Clerk is hereby authorized and directed to attest, the final Official Statement. It is further hereby officially found, determined, and declared that the statements and representations contained in the Preliminary Official Statement and final Official Statement are true and correct in all material respects, to the best knowledge and belief of the Commissioners Court.

22. Tax Exemption. (a) General Tax Covenant. The Issuer intends that the interest on the Bonds shall be excludable from gross income for purposes of federal income taxation pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 (the "Code") and applicable regulations. The Issuer covenants and agrees not to take any action, or omit to take

any action within its control, that if taken or omitted, respectively, would cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, of the holders thereof for purposes of federal income taxation. In particular, the Issuer covenants and agrees to comply with each requirement of this Section; provided, however, that the Issuer shall not be required to comply with any particular requirement of this Section if the Issuer has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or if the Issuer has received a Counsel's Opinion to the effect that compliance with some other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section. In the event the provisions of the Code are amended, or new regulations or rulings are promulgated or issued thereunder, such that requirements in addition to those stated herein become applicable to the Bonds, the Issuer covenants to comply with such additional requirements to the extent necessary to prevent any adverse effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(b) Use of Net Proceeds. The Issuer covenants and agrees that its use of the "Net Proceeds" (as hereinafter defined) of the Bonds will at all times satisfy the following requirements:

(i) The County will use proceeds of the Bonds in the amount of \$_____, and \$_____ to be retained in the form of cash, to purchase Open Market securities, deposited to the escrow to refund the Refunded Obligations.*

(ii) The Issuer will use a portion of the Net Proceeds to pay the costs of issuing the Bonds.

(iii) The Issuer has limited, with respect to the Refunded Bonds, and will limit the amount of original and investment proceeds of the Refunded Bonds used (other than use as a member of the general public) in the trade or business of any person other than a governmental unit to an amount aggregating no more than ten percent of the proceeds of the Refunded Bonds ("private-use proceeds"). For purposes of this Section, the term "person" includes any individual, corporation, partnership, unincorporated association, or any other entity capable of carrying on a trade or business; and the term "trade or business" means, with respect to any natural person, any activity regularly carried on for profit and, with respect to persons other than natural persons, any activity other than an activity carried on by a governmental unit.

(iv) The Issuer has not permitted, with respect to the Refunded Bonds, more than five percent of the Net Proceeds of the Refunded Bonds to be used in the trade or business of any person other than a governmental unit if such use is unrelated to the governmental purpose of such Bonds. Further, the amount of private-use proceeds of the Refunded Bonds in excess of five percent of the Net Proceeds of the Refunded Bonds ("excess private-use proceeds) did not and will not exceed the proceeds of the Refunded Bonds, expended for the governmental purpose of the Refunded Bonds.

(v) The Issuer, with respect to the Refunded Bonds, has not permitted an amount of proceeds of the Refunded Bonds exceeding the lesser of (a) \$5,000,000 or (b) five percent of the Net Proceeds of the Refunded Bonds to be used, directly or indirectly, to finance loans to persons other than governmental units.

When used in this Section, the term "Net Proceeds" of the Refunded Bonds shall mean the proceeds from the sale of the Refunded Bonds, including investment earnings on the proceeds of such issue, less accrued interest with respect to such issue.

(c) No Federal Guaranty. The Issuer covenants and agrees not to take any action, or omit to take any action within its control, that, if taken or omitted, respectively, would cause the bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code and applicable regulations thereunder, except as permitted by section 149(b)(3) of the Code and such regulations.

(d) No-Arbitrage Covenant. The Issuer shall certify, through an authorized officer, employee or agent, that based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the Issuer will reasonably expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of section 148(a) of the Code and applicable regulations thereunder. Moreover, the Issuer covenants and agrees that it will make such use of the proceeds of the Bonds (including interest or other investment income derived from Bond proceeds), regulate investments of proceeds of the Bonds and take such other and further action as may be required so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and applicable regulations thereunder.

(e) Arbitrage Rebate. The Issuer will take all necessary steps to comply with the requirement that certain amounts earned by the Issuer on the investment of the "gross proceeds" of the Bonds (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the Issuer will (i) obtain information and maintain records regarding the receipt, investment and expenditure of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds and to identify the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the Issuer allocable to other bond issues of the Issuer or moneys which do not represent gross proceeds of any bonds of the Issuer, (ii) calculate, at such times as are required by applicable regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government and (iii) pay, at such times and in such manner as required by applicable regulations, all amounts required to be rebated to the federal government. Further, the Issuer will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(f) Information Reporting. The Issuer covenants and agrees to file or cause to be filed with the Secretary of the Treasury, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and applicable regulations thereunder.

23. Redemption of Refunded Obligations. The Issuer hereby irrevocably calls the following bonds for redemption prior to maturity on the date set forth below, and authorizes and directs notice of such redemptions to be given in accordance with the orders authorizing the issuance of such bonds:

<u>Refunded Obligations</u>	<u>Maturity Date*</u>	<u>Par Amount*</u>	<u>Redemption Date*</u>
-----------------------------	-----------------------	--------------------	-------------------------

Said maturities of the Refunded Obligations are hereby called for redemption and the respective Paying Agent(s)/Registrar(s) for the Refunded Obligations are hereby directed to make appropriate arrangements so that appropriate maturities of the Refunded Obligations may be redeemed on the redemption dates.

24. Amendments. The County may amend this Order without the consent of or notice to any registered owners 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 the holders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of this Order; except that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereon or the rate of interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon, change the place or places at or the coin or currency in which any Bond or interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any amendment, addition, or waiver.

25. Undertaking to Provide Information. (a) This section constitutes the written undertaking for the benefit of the holders of the Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR part 240, §240. 15c2-12) (the “Rule”). Capitalized terms used in this Section and not otherwise defined in this Order shall have the meanings assigned such terms in subsection (d) hereof. Under Texas law, the Issuer must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified public accountant and must file each audit report with the State Comptroller within 120 days after the close of the Issuer’s fiscal year. The Issuer’s fiscal records and audit reports are available for public inspection during the regular business hours, and the Issuer is required to provide a copy of the Issuer’s audit reports to any bondholder or any member of the public within a reasonable time on request upon payment of charges prescribed by the Texas General Services Commission.

(b) The Issuer, as an “obligated person” within the meaning of the Rule, undertakes to provide the following information as provided in this Section:

- (1) Annual Financial Information;
- (2) Audited Financial Statements, if any; and
- (3) Certain Specified Event Notices.

(c) (1) While any Bonds are Outstanding, the Issuer shall provide the updated Annual Financial Information on or before 6 months from the end of the fiscal year of each year (the “Report Date”), beginning in the year 2018, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system, free of charge at www.emma.org. The Issuer may adjust the Report Date if the Issuer changes its fiscal year by providing written notice of the change of fiscal year and the new Report Date to the MSRB, provided that the new Report Date shall be no later than 6 months after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration. It shall be sufficient if the Issuer provides to the MSRB, the Annual Financial Information by specific reference to documents previously provided to the MSRB, or filed with the Securities and Exchange Commission and, if such a document is a final Official Statement within the meaning of the Rule, available from the MSRB. The current Report Date is June 30, of each year.

(2) If not provided as part of the Annual Financial Information, the Issuer shall provide the Audited Financial Statements when and if available while any Bonds are Outstanding to the MSRB. If Audited Financial Statements are not available by the required time, the Issuer will provide unaudited financial statements by the required time and Audited Financial Statements when and if such Audited Financial Statements become available.

(3) The Issuer shall provide a Specified Event Notice in a timely manner *not in excess of ten business days* after the occurrence of the event. Each Specified Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Bonds.

(4) The Issuer shall provide in a timely manner to the MSRB notice of any failure by the Issuer while any Bonds are Outstanding to provide Annual Financial Information on or before the Report Date.

(d) The following are the definitions of the capitalized terms used in this section not otherwise defined in this Order.

(1) “Annual Financial Information” means the financial information (which shall be based on financial statements prepared in accordance with generally accepted accounting principles (“GAAP”) for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”) or operating data with respect to the Issuer, provided at least annually, of the type included in those sections of the final official statement with respect to the

Bonds contained in Tables 1 through 5 and 7 through 11 and in Appendix B of the Issuer's Official Statement referenced in Section 21(b) of this Order.

(2) "Audited Financial Statements" means the Issuer's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

(3) "Certain Specified Event" means any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults;
- (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-exempt 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 Issuer, which shall occur as described below;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer 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; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in (xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer 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 Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the

supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(4) “Specified Event Notice” means electronic notice of a Specified Event.

(e) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer’s information.

(f) The continuing obligation hereunder of the Issuer to provide Annual Financial Information, Audited Financial Statements, if any, and Material Event Notices shall terminate immediately once the Bonds no longer are Outstanding. This section or any provision hereof, shall be null and void in the event that the Issuer delivers to the MSRB the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this section and by the Issuer with the Rule.

(g) Any failure by the Issuer to perform in accordance with this Section shall not constitute an event of default under this Order.

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

(h) The SEC has adopted amendments to the Rule which approve the establishment by the MSRB of the Electronic Municipal Market Access (“EMMA”) which, as of its implementation effective date of July 1, 2009, is the sole national municipal securities information repository. On and after July 1, 2009, all information and documentation filing required to be made by the Issuer will be made with the MSRB in electronic format only in accordance with MSRB guidelines. Access to such filings is provided, without charge to the general public, by the MSRB.

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

(j) The Issuer has agreed to update information and to provide notices of certain specified events only as described above. The Issuer 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 Issuer 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 Issuer 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 the registered and beneficial owners of Bonds may seek a writ of mandamus to compel the Issuer to comply with its agreement.

(k) The Issuer 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 Issuer, 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 registered and beneficial owners of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Bonds. The Issuer 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 the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the Issuer so amends the continuing disclosure 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.

(l) During the last five years, the Issuer has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

26. Related Matters. To satisfy in a timely manner all of the County’s obligations under this Order and the bond purchase contract with the Purchasers, the County Judge and County Clerk and all other appropriate officers, agents and representatives of the County are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the issuance of the Bonds and refunding of the Refunded Obligations, including, without limitation, executing and delivering on behalf of the County all certificates, consents, receipts, requests and other documents as may be reasonably necessary to satisfy the County’s obligations under the bond purchase contract and this Order and to direct the transfer and application of funds of the County consistent with the provisions of the Notice of Redemption and this Order.

27. Ratings. The County Judge and the financial advisor and other consultants are hereby authorized to take such action as the County Judge shall approve in seeking ratings on the Bonds from any rating service and any such action is hereby ratified and confirmed.

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

29. Defeasance. The County may defease the provisions of this Order and discharge its obligations to the Registered Owners of any or all of the Notes to pay the principal of and interest thereon in any manner permitted by law, including by depositing with the Paying Agent/Registrar or with the State Treasurer of the State of Texas either: (a) cash in an amount equal to the principal amount of such Notes plus interest thereon to the date of maturity, or (b) pursuant to an escrow or trust agreement, cash and/or direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, in principal amounts and maturities and bearing interest at rates sufficient to provide for the timely payment of the principal amount of the Notes plus interest thereon to the date of maturity. Upon such deposit, such Notes shall no longer be regarded to be Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall be returned to the County.

30. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Order to be given to or filed with the County or the Paying Agent/Registrar shall be deemed to have been given only upon receipt. Any notice shall be sent by first class mail, postage prepaid, to the address specified below or, to such other address as may be designated in writing by the parties:

County: County of Hidalgo
100 E. Cano
Edinburg, Texas 78582

Paying Agent/
Registrar: The Bank of New York Mellon
Trust Company, N.A.
2001 Bryan St., 11th Floor
Dallas, Texas 75201

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

32. Effective Date. Pursuant to the provisions of Section 1201.028, as amended, Texas Government Code, this order shall be effective immediately upon adoption, notwithstanding any

provision in the County's Home Rule Charter to the contrary concerning a multiple reading requirement for the adoption of orders.

33. Severability. 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 this Order.

34. Repealer. All resolutions and orders, or parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

(*) All missing information within the foregoing sections shall be supplemented with the terms of the Officer Pricing Certificate.

PASSED AND APPROVED ON _____.

COUNTY OF HIDALGO

County Judge

ATTEST:

County Clerk

(SEAL)

Signature Page for Order Authorizing the
Hidalgo County, Texas Limited Tax Refunding Bonds, Series 2018C
Adopted September 11, 2018

EXHIBIT A

OFFICER PRICING CERTIFICATE

EXHIBIT B

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT C
FORM OF INITIAL BOND