

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, Taxable 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.

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, Taxable Series 2018C" and shall be dated for convenience purposes _____* (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 _____ and _____ of each year, commencing _____, 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 _____* in each of the years and in the principal amounts as follows;

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 contract 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.

253. 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