



**Section 2. Further Procedures.** The Pricing Officer is hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the seal and on behalf of the County all such notices, certificates, documents and instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the 2014 Bond Order and the Tax-Exempt Bonds Conversion Agreement. Prior to the Conversion Date of the Series 2014 Bonds into tax-exempt fixed rate, the Pricing Officer, the County's Financial Advisor and the County's Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order or take any action necessary to effectuate the conversion.

**Section 3. Incorporation of Recitals.** The statements, findings, representations, and determinations set forth in the recitals to this Order are hereby incorporated into and made a part of this Order for all purposes.

**Section 4. Law of this Order.** This Order shall be construed and interpreted in accordance with the laws of the State of Texas.

**Section 5. Repealer.** All orders, resolutions and agreements, or parts thereof, which are in conflict or inconsistent with any provision of this Order are hereby repealed to the extent of such conflict, and the provisions of this Order shall be and remain controlling as to the matters resolved herein.

**Section 6. Effective Date.** This Order shall be in force and effect after its passage.

## **EXHIBIT A**

### **TAX-EXEMPT BONDS CONVERSION AGREEMENT**

**THIS TAX-EXEMPT BONDS CONVERSION AGREEMENT** (the "Agreement") is made by and between Williamson County, Texas, (the "County"), and Wells Fargo Bank, National Association (the "Bank"), a national banking association duly organized and existing under the laws of the United States of America.

### **RECITALS**

The County has duly authorized and provided for the issuance of its Limited Tax Refunding Bonds (Convertible Direct Purchase Bonds), Series 2014 (the "Bonds"), dated October 28, 2014.

The Bank is the 100% holder of all outstanding Bonds.

The Order of the Commissioners Court, dated October 14, 2014, authorizing the issuance of the Bonds (the "Order") provided that the Bank and the County may agree to convert the rate at which the Bonds bear interest from the Taxable Rate to the Tax-Exempt Rate effective as of the Conversion Date, subject to meeting certain conditions.

The County and the Bank now wish to enter into this Agreement in order to effectuate such conversion in accordance with Section 6 of the Order.

The County and the Bank will deliver an executed copy of this Agreement to the Paying Agent/Registrar (as defined in the Order) for the Bonds in accordance with Section 6(c) of the Order.

### **AGREEMENT**

For and in consideration of the respective promises and mutual covenants and benefits hereinafter set forth, the County and the Bank agree as follows:

**Section 1. Definitions, Declarations, Findings and Determinations.** The definitions, declarations, determinations and findings contained in the recitals to this Agreement are hereby adopted, restated and made a part of the operative provisions hereof. Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the Order.

**Section 2. Conversion to Tax-Exempt Rate/Fixed.** The County and the Bank hereby agree that the interest rate on the Bonds will convert to the Tax-Exempt Rate/Fixed on the Conversion Date, subject to compliance with the conditions set forth in Section 6 of the Order, including, particularly, the issuance by Bond Counsel of the opinion described therein.

**Section 3. Compliance with Covenants Regarding Tax Exemption and Filing of Form 8038-G.**

(a) The County hereby agrees that the covenants contained in the attached Attachment I will become operative on the Conversion Date and shall be incorporated as operative terms of the Order.

(b) The County agrees to promptly file a Form 8038-G with the Internal Revenue Service in connection with conversion of the interest rate on the Bonds to a Tax-Exempt Rate and the deemed reissuance of the Bonds, solely for federal tax purposes, as tax-exempt bonds.

**Section 4. Delivery of Agreement to Paying Agent/Registrar.** Upon compliance with the provisions of Section 6 of the Order, the County and the Bank hereby agree to deliver an executed copy of this Agreement to the Paying Agent/Registrar for the Bonds. Delivery of an executed copy of this Agreement shall serve as written instructions to the Paying Agent/Registrar to execute an Interest Rate Addendum attached hereto indicating that the Bonds will bear interest at the Tax-Exempt Rate as of the Conversion Date.

**Section 5. Multiple Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original instrument and each will have the force and effect of an original and all of which together constitute, and will be deemed to constitute, one and the same instrument.

**Section 6. Effective Date.** This Agreement shall become effective upon satisfaction of all of the conditions described in Section 6 of the Order.

**Section 7. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

**Section 8. Severability.** The provisions of this Agreement are severable, and if any provision or part of this Agreement or the application hereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby.

**EXECUTED** in multiple counterparts as of January \_\_\_\_, 2016.

**WILLIAMSON COUNTY, TEXAS**

By: 

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**WELLS FARGO BANK, NATIONAL ASSOCIATION**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## ATTACHMENT I

### COVENANTS REGARDING FEDERAL INCOME TAX EXCLUSION DURING THE TAX-EXEMPT RATE PERIOD

Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the Order.

(a) General Tax Covenants Regarding Tax Exemption of Interest on the Bonds. The County covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the County covenants as follows:

(i) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the County, with respect to such private business use, do not, under the terms of the Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(ii) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(iii) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(iv) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(v) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(vi) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(1) proceeds of the Bonds invested for a reasonable temporary period until such proceeds are needed for the purpose for which the bonds are issued,

(2) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(vii) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(viii) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

In order to facilitate compliance with the above covenant (viii), a "Rebate Fund" is hereby established by the County for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

The County understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the County that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the County will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the County agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the County hereby authorizes and directs the Pricing Officer to execute any documents, certificates, or reports required by the Code and to make such elections, on behalf of the County, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(b) Interest Earnings on Bond Proceeds. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with other bond proceeds for the purpose for which the Bonds are issued, as set forth in Section 1 of the Order; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to (a) hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes hereof.

(c) Disposition of Project. The County covenants that the property constituting the project financed with the proceeds of the bonds being refunded by the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the County of cash or other compensation, unless the County obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the County shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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## **INTEREST RATE ADDENDUM**

This Interest Rate Addendum to the Bonds is being executed and delivered pursuant to Section 6 of the Order. As of the Conversion Date, the Bonds shall bear interest at the Tax-Exempt Rate/Fixed of 2.340%.

**BOKF, NA,**  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signatory