Resolution No. 2017-02


WHEREAS, the Commissioners Court of Comal County, Texas (the "County") and the Board of Trustees of the Bulverde Area Rural Library District (the "District"), acting through their respective governing bodies, previously entered into an interlocal cooperative agreement on November 30, 2006 (the "Agreement"), as amended by a First Amendment (the "First Amendment") effective as of April 24, 2014, as amended by a Second Amendment (the "Second Amendment") effective January 26, 2017; and

WHEREAS, the County and the District desire to enter into this Second Amendment (the "Second Amendment") to the Agreement for the purposes set forth in the Second Amendment that is attached as Exhibit A hereto and incorporated by reference for all purposes; and

WHEREAS, the County hereby finds and determines that the adoption of this resolution is in the best interest of the residents of the County; now, therefore,

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

SECTION 1. The Second Amendment is hereby approved by the Commissioners Court, and the County Judge and County Clerk of the Commissioners Court are hereby authorized to execute the Second Amendment.
SECTION 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Commissioners Court.

SECTION 3. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 4. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Commissioners Court hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 7. This Resolution shall be in force and effect from and after the date of its adoption, and it is so resolved.

[The remainder of this page intentionally left blank.]
PASSED AND APPROVED, this the 26th day of January, 2017.

COMAL COUNTY, TEXAS

[Signature]
County Judge

ATTEST:

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

(SEAL OF COMMISSIONERS COURT)
EXHIBIT A

Second Amendment to Interlocal Cooperative Agreement

See Tab No. ___
SECOND AMENDMENT TO THE INTERLOCAL COOPERATIVE AGREEMENT BY
AND BETWEEN THE BULVERDE AREA RURAL LIBRARY DISTRICT AND COMAL
COUNTY, TEXAS

Comal County, Texas, a political subdivision of the State of Texas, acting by and through
its Commissioners Court (the "County"), and the Bulverde Area Rural Library District, a political
subdivision of the State of Texas, acting by and through its Board of Trustees (the "District"), have
heretofore entered into AN INTERLOCAL COOPERATIVE AGREEMENT BETWEEN THE
BULVERDE AREA RURAL LIBRARY DISTRICT AND COMAL COUNTY, TEXAS (the "Agreement"), pursuant to the provisions of Chapter 791, as amended, Texas Government Code,
originally dated as of November 30, 2006, as amended by a First Amendment effective as of
April 24, 2014, as amended by a Second Amendment effective as of January 26, 2017.

RECITALS

WHEREAS, the Agreement sets out the provisions governing the County’s and District’s
duties in connection with the construction and equipment of the original public library building
(the "Original Project"), including the payment of the debt service requirements on the County’s
2006 certificates of obligations, as amended, issued to finance a portion of the construction of the
Original Project, the establishment of the rights, duties, obligations, and responsibilities
concerning the ownership and operation of the Original Project, and the conveyance by the
County to the District of the Original Project when the County’s 2006 certificates of obligation
are no longer outstanding; and

WHEREAS, the Agreement contemplated the issuance of obligations of the County
designated as “Comal County, Texas Combination Tax and Revenue Certificates of Obligation,
Series 2006” (the "2006 Certificates") dated November 15, 2006, in the original principal amount
of $4,700,000 to pay for a portion of the construction of the Original Project; and

WHEREAS, the Certificates were issued by the County on December 19, 2006 and were
sold on a private placement basis to Broadway National Bank (the "Purchaser"); and

WHEREAS, the District previously requested and the Purchaser agreed to change the
maturity schedule for the 2006 Certificates to lower the interest rates on the 2006 Certificates in
order to realize debt service savings; and

WHEREAS, the District and the Commissioners Court of the County adopted a first
amendment (the "First Amendment") to the Agreement that was approved pursuant to a resolution
adopted by the Commissioners Court on April 24, 2014 to recognize the new maturity schedule
agreed to by the County, the District, and the Purchaser; and

WHEREAS, the Board of Trustees of the District approved the First Amendment to the
Interlocal Cooperative Agreement pursuant to a resolution that was adopted by the Board of
Trustees on March 31, 2014; and
WHEREAS, the Board of Trustees of the District has now requested that the Commissioners Court of the County authorize the issuance of another series of obligations designated as “Comal County, Texas Adjustable Rate Combination Tax and Revenue Certificates of Obligation, Series 2017 (Bulverde Area Rural Library District Project)”, in the principal amount of not to exceed $7,000,000 (the 2017 Certificates) for a term of up to twenty years to construct an expansion of the Original Project (the 2017 Project) that will be controlled by the Agreement, as amended, and the Ground Lease; and

WHEREAS, the 2017 Certificates are contemplated to be issued by the County by the Commissioners Court pursuant to an order to be adopted on January 26, 2017 to be sold on a private placement basis to Broadway National Bank; and

WHEREAS, in order to issue the 2017 Certificates, the Interlocal Cooperative Agreement between the County and the District must be amended to recognize the issuance of the 2017 Certificates, that the Ground Lease remains effective, and that a Second Amendment (the Second Amendment) must be approved by the County and the District; and

WHEREAS, the Board of Trustees of the District approved this Second Amendment at its meeting on January 9, 2017; and

WHEREAS, the Commissioners Court hereby approves the Second Amendment pursuant to the adoption of this Resolution; and

WHEREAS, Section 4 of the Agreement provides for these amendments; and

WHEREAS, the adoption of this Second Amendment to the Agreement is hereby found and determined to be in the best interest of the residents of the County and the District;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1: SECTION 1 of the Agreement is hereby modified as follows:

SECTION 1. Duties of the County. The County hereby agrees to perform the following duties:

1.1 The County will own the 2017 Project; however, the County is NOT responsible for the construction, acquisition, design, upkeep, maintenance, or operation of the 2017 Project, except as set forth in this Agreement, as amended.

1.2 The County will issue the 2017 Certificates to provide the initial funds required to construct the 2017 Project. The County shall be solely responsible for making the annual payments of principal of and interest on this indebtedness pursuant to terms and conditions for the issuance of the 2017 Certificates.
1.3 Any Sales Tax proceeds transferred by the District to the County shall not be pledged to pay any indebtedness of the County in accordance with the provisions of Section 323.505, as amended, Texas Tax Code. Upon receipt of any Sales Tax proceeds from the District, the County may utilize any such funds for any lawful purpose in accordance with the provisions of this Agreement, as amended, and applicable law and the County intends to use this transferred portion of the Sales Tax to pay the debt service requirements and annual paying agent/registrar fees and expenses relating to the 2006 Certificates and the 2017 Certificates. To the extent the District transfers Sales Tax proceeds in an amount sufficient to redeem and defease the 2006 Certificates and the 2017 Certificates, the County will use the proceeds for such purpose.

1.4 When the 2006 Certificates and the 2017 Certificates are no longer outstanding, the County will immediately transfer the Original Project and the 2017 Project to the District pursuant to a deed (Building Only).

SECTION 2: SECTION 2 of the Agreement is hereby modified as follows:

SECTION 2. Duties of District. The District hereby agrees to perform the following duties:

2.1 The District will construct the 2017 Project and is responsible for all aspects of the construction, acquisition, design, upkeep, maintenance, or operation of the 2017 Project and in connection therewith, the District shall comply with all applicable law relating to the construction of public works, including, without limitation, the provisions of Chapter 2253, as amended, Texas Government Code (pertaining to public works performance and payment bonds).

2.2 In consideration of the County's agreement to undertake the actions set forth in Section 1 of the Second Amendment, the District shall transfer, on an annual cumulative basis, lawfully available Sales Tax proceeds to the County to pay the debt service requirements on the 2017 Certificates that are scheduled to be sold on January 26, 2017 and delivered on February 28, 2017, upon a determination by the Board of Trustees of the District that any and all financial obligations of the District for the then current fiscal year of the District have been provided for or otherwise satisfied. These obligations include, but are not limited to, the payment of all of the District's administrative expenses, the payment of all debt service requirements on any indebtedness issued by the District, and the funding of all debt service reserve or other funds created in any resolution authorizing the issuance of any indebtedness by the District. Accordingly, any transfer of Sales Tax proceeds to the County by the District shall only constitute the transfer of surplus Sales Tax proceeds. These findings must be confirmed by the Board of Trustees of the District prior to the transfer of any Sales Tax proceeds to the County. The District shall transfer to the County a portion of the Sales Tax on a monthly basis, as agreed upon by the County and the District, for deposit into the interest and sinking fund account established by the County for the 2006 Certificates and the 2017 Certificates in
order that the entire principal and interest payment obligations (and any pecuniary obligations with respect to the 2006 Certificates and the 2017 Certificates) for the next succeeding fiscal year shall be accumulated and be on deposit not later than September 1 of each year.

2.3 The Board of Trustees agrees to budget for the establishment of a General Fund balance of at least $250,000 and will agree to establish rates and charges for providing library services or to utilize a portion of the Sales Tax to maintain this balance. Should this General Fund balance be decreased below $150,000, based upon the most recent quarterly unaudited financial records of the District, for any reason the President of the Board of Trustees of the District will immediately notify the County Judge and County Auditor and explain the District’s intended course of action to replenish this amount.

2.4 The District shall provide annually to the County for so long as the 2006 Certificates and the 2017 Certificates remain outstanding and unpaid within nine months after the end of each fiscal year ending in or after 2006, financial information and operating data with respect to the District; provided that such financial statements so to be provided shall be (1) prepared in accordance with the generally accepted accounting principles, or such other accounting principles as the District may be required to employ from time to time pursuant to Texas law or regulations, and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall provide (1) unaudited financial statements for the applicable fiscal year within nine months after the end of such fiscal year, and (2) audited financial statements for the applicable fiscal year to the County when and if the audit report on such statements become available.

2.5 The District shall provide annually to the County for so long as the 2006 Certificates and the 2017 Certificates remain outstanding, a true and correct copy of the District’s annual fiscal year budget for each fiscal year within thirty (30) days of approval of this budget by the Board of Trustees of the District.

SECTION 3: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Second Amendment to the Agreement for all purposes and are adopted as a part of the judgment and finds of the respective governing body of each party hereto.

SECTION 4: This Second Amendment shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America and except for the First Amendment and the Second Amendment, the Agreement remains in full force and operation.

SECTION 5: It is officially found, determined, and declared that the meeting of each of the County and the District at which this Agreement is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such
meeting, including this Second Amendment to the Agreement, was given, all as required by Chapter 551, as amended, Texas Government Code.

[The remainder of this page intentionally left blank.]
IN WITNESS WHEREOF, the parties hereto have executed this Agreement to be effective as of the date and year first above written.

BULVERDE AREA RURAL LIBRARY DISTRICT

________________________________________
President, Board of Trustees

ATTEST:

________________________________________
Secretary, Board of Trustees

(District Seal)

COMAL COUNTY, TEXAS

________________________
County Judge

ATTEST:

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

(Seal of Commissioners Court)
EXHIBIT A

Original Interlocal Cooperative Agreement, dated as of November 30, 2006, as amended by a First Amendment to Interlocal Cooperative Agreement effective as of April 24, 2014 and a Second Amendment to the Interlocal Cooperative Agreement effective as of January 26, 2017
CERTIFICATE OF COUNTY CLERK

THE STATE OF TEXAS §
COUNTY OF COMAL §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. The Commissioners Court (the Court) of Comal County, Texas (the County), convened on the 26th day of January, 2017 in a regular session of the Court in the County Courthouse (the Meeting), which Meeting was at all times open to the public, the duly constituted officers and members of the Court being as follows:

   Sherman Krause               County Judge
   Donna Eccleston             Commissioner, Precinct No. 1
   Scott Haag                  Commissioner, Precinct No. 2
   Kevin Webb                  Commissioner, Precinct No. 3
   Jen Crownover               Commissioner, Precinct No. 4

and all of such persons were present at the public hearing, except the following; Donna Eccleston, thus constituting a quorum. Among other business considered at the public hearing, the attached resolution (the Resolution) entitled:


was introduced for the due consideration of the Court. After presentation and discussion of the Resolution, a motion was made by Commissioner Haag that the Resolution be passed and adopted. The motion was seconded by Commissioner Webb and carried by the following vote:

27865932.1
H voted “For”  O voted “Against”  O “Abstained”

all as shown in the official Minutes of the Court for the Meeting.

2. The attached Resolution is a true and correct copy of the original on file in the official records of the County; the duly qualified and acting members of the Court on the date of the public hearing are those persons shown above, and, according to the records of my office, each member of the Court was given actual notice of the time, place, and purpose of the public hearing and had actual notice that the Resolution would be considered; and the Meeting and deliberation of the aforesaid public business, including the subject of the Resolution, was open to the public and written notice of said public hearing, including the subject of the Resolution, was posted and given in advance thereof in compliance with the provisions of Chapter 551, as amended, Texas Government Code.

IN WITNESS WHEREOF, I have signed my name officially and affixed the seal of the Commissioners Court, this 26th day January, 2017.

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

(SEAL OF COMMISSIONERS COURT)
CERTIFICATE AS TO TAX EXEMPTION

The undersigned, being the duly chosen and qualified County Judge and Interim County Auditor of Comal County, Texas (the "County"), hereby certify with respect to the "COMAL COUNTY, TEXAS ADJUSTING RATE COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017 (BULVERDE AREA RURAL LIBRARY DISTRICT PROJECT)" (the "Certificates") in the aggregate principal amount of $7,000,000 as follows:

A. General

1. For all purposes of this certificate, unless otherwise defined, all defined terms herein shall have the same meaning given to them in the Order and the Regulations (each as defined below).

2. Pursuant to state law and the Order authorizing the issuance of the Certificates, we, along with other officers of the County, are charged with the responsibility for issuing the Certificates.

3. This certificate is made pursuant to Treasury Regulations Sections 1.141 through 1.150 (the "Regulations"), and sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code").

4. This certificate is based on the facts and estimates described herein in existence on this date, which is the date of delivery of the Certificates to and payment for the Certificates by the initial purchasers thereof, and, on the basis of such facts and estimates, the County expects that the future events described herein will occur. To the best knowledge and belief of the undersigned, there are no other facts, estimates, or circumstances which would materially change the following statements, and the expectations hereinafter set forth are reasonable. Except as provided herein, the County covenants not to take any intentional acts or actions after the Closing Date of the Certificates to earn a Yield upon the investment of proceeds materially higher than the Yield of the Certificates.

5. Terms used and not defined herein have the same meaning given to them in the Order of the County adopted by its Commissioners Court on January 26, 2017 authorizing the issuance of the Certificates (the "Order") or the Regulations, as applicable.

6. The County’s employer identification number is 74-6001775.

B. Purpose and Size.

1. The Certificates are being issued pursuant to the Order for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing, expanding, enlarging, and equipping a public library facility that will be owned by the County, but designed, constructed, maintained, and operated by the Bulverde Area Rural Library District (the "District") pursuant to an interlocal agreement between the County and the District and (2) the payment of professional services related to the design, construction, project management, and financing of the aforementioned projects (collectively, the "Project").
2. The County has and will, at all times prior to the last Stated Maturity of the Certificates,
   
a. exclusively own, operate, and possess all property financed or refinanced, acquired, constructed, or improved with Gross Proceeds of the Certificates and not use or permit the use of any property financed or refinanced, acquired, constructed, or improved with Gross Proceeds of the Certificates in any activity carried on by any person or entity (other than a state or local government), unless such use is merely as a member of the general public, or
   
b. not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Certificates or any property financed or refinanced, acquired, constructed, or improved with Gross Proceeds, other than a charge or other payment merely as a member of the general public or interest earned on Investments acquired with Gross Proceeds of the Certificates pending application for their intended purposes, either or both.

3. The County has not and will not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be "loaned" to a person or entity if (1) property financed or refinanced, acquired, constructed, or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of Gross Proceeds or any property financed or refinanced, acquired, constructed, or improved with Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

4. The Project will be owned, operated, and maintained by the County; and the County has not contracted with any firm, company, or other person or entity to operate and/or maintain the Project for and on behalf of the County. The County does not expect to enter into any contract for the operation, maintenance or management of the Project.

5. There is not as of the date hereof and the County does not anticipate entering into any lease, contract, or other understanding or arrangement with any person other than a state or local governmental unit, pursuant to which the County expects that proceeds of the Certificates, or the Project, will be used in the trade or business of such person (including all activities of such person who are individuals).

6. The amounts received from the sale of the Certificates, when added to the amount expected to be received from the investment thereof, do not exceed the amounts required to pay the costs of the Project and the costs of offering and issuing the Certificates.

7. No receipt from the sale of the Certificates or amounts received from the investment thereof will be used to pay the principal of or interest on any currently outstanding debt obligation of the County other than the Certificates.
C. **Source and Disbursement of Certificate Proceeds.**

1. The Certificates are being issued and delivered to Broadway National Bank, San Antonio, Texas, as an authorized representative of a group of purchasers (the Purchasers) pursuant to a private placement. The Purchasers purchased the Certificates for $7,000,000.00.

2. Of the remaining proceeds of the Certificates received by the County from the Purchasers, approximately $72,100.00 will be used to pay the costs of issuance relating to the Certificates, and $6,927,900.00 will be deposited in a separate checking account of the County (the Construction Account or Fund) to pay costs of the Project. The County estimates that it will receive $ in income or profit from the investment of the amounts deposited to the Construction Fund pending the disbursement of such amounts for the governmental purposes for which the Certificates are being issued. Such amount will be used to pay additional costs of the Project or deposited in the Certificate Fund (the Certificate Fund) to pay principal of or interest on the Certificates within one year from the date of receipt.

D. **Temporary Periods and Time for Expenditures.**

1. Within six months from the date hereof, the County will have incurred binding obligations or commitments in the amount of at least five percent of the principal amount of the Certificates for the Project by entering into contracts for construction, architectural services, engineering services, land acquisition, site development, construction materials, or the purchase of equipment. The County will account for the allocation of the Certificate proceeds to an expenditure not later than 18 months after the later of the date the expenditure is paid or the date the Project is placed in service; but in all events 60 days after the earlier of the fifth anniversary of the date of this Certificate or the retirement of the Certificates.

2. After entering into said contracts, work on the construction or acquisition of the Project will proceed with due diligence to completion, which is expected to occur on, and the proceeds from the sale of the Certificates and investment earnings thereon were expended by ____________, 2017.

3. Based on the foregoing, the County expects to invest Gross Proceeds, held in the Construction Fund, without regard as to restriction of Yield until ____________, 20___. Thereafter, the County will restrict the Yield on investments of Gross Proceeds held in the Construction Fund to the Yield on the Certificates.

4. Certain proceeds of the Certificates will be used to reimburse the County for applicable Project expenditures made by the County from its own funds prior to the date hereof. With respect to such reimbursement, if any, the County adopted an official intent for the original expenditures (except possibly for "preliminary expenditures" as defined in section 1.150-2(f)(2) of the Regulations) not later than 60 days after payment of the original expenditures, and a copy of such official intent is attached hereto as Exhibit A and incorporated herein by this reference. Except for expenditures meeting the preliminary expenditures exception set forth in section 1.150-2(f)(2) of the Regulations, the Certificates are being issued and the reimbursement allocation is hereby being made not later than 18 months after the later of (i) the date the original expenditures were paid, or (ii) the date the Project is placed in service or abandoned, but in no event more than three years after the original expenditures were paid. The original expenditures
were capital expenditures, and in connection with this allocation, the County has not employed any abusive arbitrage device under section 1.148-10 of the Regulations to avoid the arbitrage restrictions or to avoid restrictions under section 142 through 147 of the Code. The County hereby allocates proceeds of the Certificates to reimburse the County for the capital expenditures set forth in Exhibit B attached hereto and incorporated herein by this reference.

E. Certificate Fund.

1. The Certificates are payable primarily from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property located within the jurisdiction of the County, and by a lien on and pledge of the Pledged Revenues. All taxes levied and collected for and on account of the Certificates are to be deposited into the appropriate Certificate Fund.

2. Pursuant to Section 11 of the Order, the County will levy an ad valorem tax, within the limits prescribed by law, on all taxable property within the jurisdiction of the County and by a lien on and pledge of the Pledged Revenues of the System to pay principal of and interest on the Certificates as such becomes due, and such tax has been pledged to the payment of the Certificates. Amounts collected from such tax for the payment of the principal of and interest on the Certificates are to be deposited to the credit of the Certificate Fund. The County may credit against its required deposits to the Certificate Fund all amounts received from the investment of funds held therein. In addition, a lien on and pledge of the Pledged Revenues has been granted to secure the payment of the debt service requirements of the Certificates. All monies deposited in the Certificate Fund, if any, will be used solely to pay the principal of and interest on the Certificates as the same becomes due and payable.

3. Except for that portion of the Certificate Fund, if any, consisting of deposits made to defease in whole or in part the Certificates, the Certificate Fund (i) was created primarily to achieve a proper matching of revenues and debt service with respect to the Certificates within each bond year, beginning on the Closing Date and ending on each anniversary of the Closing Date thereafter until the Certificates are no longer Outstanding and (ii) will be depleted at least once a year except possibly for a carry-over amount not greater than the larger of the preceding bond year’s income from the investment thereof or one-twelfth of the debt service paid during the preceding bond year on the Certificates. All amounts deposited to the Certificate Fund will be spent within 13 months of deposit, and all amounts received from investment of such fund will be deposited therein and will be expended within twelve months of receipt. Any amounts held in the Certificate Fund during such periods are expected to be invested by the County without regard as to restriction of Yield. Any amounts held in the Certificate Fund in excess of such periods will be invested at a Yield not to exceed the Yield on the Certificates.

4. All money deposited in the Certificate Fund will be used solely to pay the principal of, and interest on, the Certificates as the same becomes due and payable, and there will be no other funds that will be so used or pledged or otherwise restricted so as to be available with reasonable certainty to be so used.

F. Yield, Rebate and Miscellaneous.

1. The Yield on the Certificates is 2.4817440 percent.
2. The County has covenanted to account for the Gross Proceeds of the Certificates separately and apart from all other funds of the County from the date hereof.

3. The County does not expect that the proceeds of the Certificates will be used in a manner that would cause the Certificates to be “arbitrage bonds” within the meaning of section 148 of the Code.

4. Unless the County has qualified for an exception to rebate pursuant to section 148(f)(4) of the Code, not less frequently than each Computation Date, the County has covenanted in the Order to calculate or cause to be calculated by a nationally recognized accounting, financial advisory firm or financial institution, in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder, the Rebate Amount. The County has covenanted in the Order to maintain such calculations with the official transcript of the proceedings relating to the issuance of the Certificates until six years after the final Computation Date.

5. The County has covenanted in the Order to pay to the United States any amount described in the preceding paragraph of this Section, at the times, in the installments, to the place, in the manner, and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

6. The County reasonably expects that at least 75% of the “Available Construction Proceeds” of the Certificates, as defined in Regulation Section 1.148-7(i), will be allocated to “construction expenditures”, as defined in Regulation Section 1.148-7(g) for property which will be owned by the County.

7. The weighted average maturity of the Certificates is 8.752 years, which is less than 120% of the average reasonably expected economic life of the assets acquired or constructed with the proceeds of the Certificates.

8. The County has not sold nor will it sell any obligations within 15 days of the sale date of the Certificates.

G. No Abusive Arbitrage Device.

1. In connection with the issuance of the Certificates, the County has not employed any action which has the effect of overburdening the market for tax-exempt obligations by issuing more obligations, issuing obligations earlier, or allowing obligations to remain outstanding longer than is reasonably necessary to accomplish the governmental purposes of the Certificates.

2. In connection with the issuance of the Certificates, the County has not employed any action which has the effect of enabling the County to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage.

H. Written Procedures. This certificate shall constitute written procedures and processes that require the County to insure that, after the Closing Date, the County is in compliance with the covenants and representations contained herein and the Code and Regulations related to the Certificates and for a period of three (3) years after the Certificates are
paid in full will maintain records that show compliance with the covenants and representations contained herein and the Code and Regulations related to the Certificates. The County designates the following officer(s) to have primary responsibility for maintaining post-issuance compliance with the covenants and representations contained herein and the Code and Regulations related to the Certificates:

County Auditor

and the following officer(s) shall maintain the records related thereto:

County Auditor

Such officers may assign and delegate responsibilities to others as they deem necessary or appropriate.

1. **Remedial Action/Voluntary Closing Agreement Program.** If the County in complying with the terms and provisions the policies or guidelines set forth herein and the Code and Regulations related to the Certificates determines that the requirements of these policies and guidelines or the Code and Regulations related to the Certificates may have been violated, the County will make final determinations, if necessary with the assistance of its bond and tax counsel and financial advisors, and take appropriate actions related to such noncompliance including, if appropriate, any remedial action described under applicable Regulations or through the Tax Exempt Bonds Voluntary Closing Agreement Program.

*The remainder of this page intentionally left blank.*)
EXECUTED AND DELIVERED this _____________________________.

COMAL COUNTY, TEXAS

County Judge

Interim County Auditor
EXHIBIT A

Reimbursement Resolution
# EXHIBIT B

Reimbursed Expenses

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><em><strong>/</strong>/</em>__</td>
<td>Purchase of Land</td>
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Total