RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$34,800,000 THE WOODLANDS TOWNSHIP UNLIMITED TAX BONDS, SERIES 2010; PRESCRIBING THE TERMS AND PROVISIONS THEREOF; MAKING PROVISION FOR THE PAYMENT OF THE INTEREST THEREON AND THE PRINCIPAL THEREOF; AUTHORIZING THE SALE AND DELIVERY THEREOF; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE WOODLANDS TOWNSHIP, THAT:

## ARTICLE ONE

#### STATUTORY AUTHORITY, RECITALS AND FINDINGS

SECTION 1.01: CREATION AND ORGANIZATION OF THE TOWNSHIP. The Woodlands Township (the "Township") is the successor by name change to Town Center Improvement District of Montgomery County, Texas (the "District"), which has been heretofore duly created, organized established as a governmental agency, body politic and corporate and political subdivision of the State of Texas pursuant to Chapter 289, Acts of the 73rd Texas Legislature, Regular Session, 1993, as amended by Chapter 255, Acts of the 75th Texas Legislature, Regular Session, 1997, Chapter 1562, Acts of the 76th Texas Legislature, Regular Session, 1999, Chapter 373, Acts of the 79th Texas Legislature, Regular Session, 2005, Chapter 1287, Acts of the 80th Texas Legislature, Regular Session, 2007, and Chapter 1397, Acts of the 81st Texas Legislature, Regular Session, 2009 (collectively, the "Act"). Pursuant to Section 1(c) of the Act, the name of the District was changed by Resolution No. 009-07 duly passed and adopted by the Board of Directors of the District on July 25, 2007, which became effective upon the passage and adoption of Order No. 013-07 of the Board of Directors on November 16, 2007.

POWERS OF THE TOWNSHIP. SECTION 1.02: The Township is authorized by the Act and the general laws of the State of Texas to undertake a variety of improvement projects which, in the discretion of the Board of Directors of the Township, may be considered necessary for the accomplishment of the public purposes of the Township. In addition to the specific and general powers enumerated in the Act, the Township has, among other grants of power, the powers, privileges, authority and functions conferred on municipal management districts by Subchapter E, Chapter 375, Texas Local Government Code, and by general law on conservation and reclamation districts created under Article XVI, Section 59, of the Constitution, and on road districts and road utility districts created pursuant to Article III, Section 52, of the Texas Constitution, including those conferred by Chapters 49 and 54, Texas Water Code, and Chapter 441, Texas Transportation Code, as well as the powers and authorities conferred on a municipality with a population of more than 100,000 pursuant to Chapter 380, Texas Local Government Code, and on a county by Chapter 1509, Texas

Government Code (formerly Article 835s, Vernon's Texas Civil Statutes).

Pursuant to Section 12A of the Act, and upon approval by a majority of the qualified voters in the Township at an election held for such purposes, the Township is authorized to issue its bonds payable, in whole or in part, from ad valorem taxes and to levy, assess and collect an ad valorem tax, without limit as to rate or amount, upon all taxable property in the Township in payment of such bonds.

SECTION 1.03: AUTHORITY FOR THIS RESOLUTION. The Township is authorized by the Act and the general laws of the State of Texas to issue its bonds for the purposes of: (i) funding the costs of any improvement project, including firefighting facilities and equipment and parks and recreational facilities and equipment, (ii) refunding or refinancing any obligations of the Township, and (iii) paying the costs of issuance, sale and delivery of such bonds.

 $\underline{\text{SECTION 1.04}}\colon \ \underline{\text{FINDINGS}}.$  It is hereby found, determined and declared that:

- (a) the matters and facts set forth in this Article One are true and correct;
- (b) the creation of the District was confirmed at an election held within and for the District on November 2, 1993;
- (c) by Resolution No. 009-07 of the Board of Directors, duly passed and adopted on July 25, 2007, and pursuant to the authority of Section 1(c) of the Act, the name of the District was changed, effective as of November 16, 2007, to The Woodlands Township;
- (d) by orders duly passed and adopted by the Board of Directors of the District on August 29, 2007, the boundaries of the District were conditionally enlarged and expanded, and an election was duly called for, among other purposes, the confirmation of such boundary expansion;
- (e) such confirmation election was duly held and conducted within and for the District, as so enlarged and expanded, on November 6, 2007, and resulted in favor of such boundary expansion;
- (f) At an election held within and for the Township on November 3, 2009, the Township was authorized to issue its bonds payable from an ad valorem tax, without limit as to rate or amount, on all taxable property in the

Township for the purposes of (i) financing firefighting facilities and equipment in the maximum aggregate principal amount of \$17,335,000, (ii) financing parks and recreational facilities and equipment in the maximum aggregate principal amount of \$12,380,000, and (iii) refunding or refinancing any obligations, contracts, agreements, commitments, or undertakings in the maximum aggregate principal amount of \$20,225,000, and to pay the costs of issuance, sale and delivery of such bonds; and

- in aggregate principal (q) \$34,800,000 amount of bonds should be issued for such purposes, including \$8,975,000 in principal amount of bonds to finance firefighting facilities and equipment and related bond issuance \$6,635,000 in principal amount of bonds costs: finance parks and recreational facilities and equipment and related bond issuance costs; and \$19,190,000 in amount to refinance principal of bonds agreements, contracts, commitments, obligations, undertakings and related bond issuance costs; and
- (h) the Township is duly authorized and empowered to issue, sell and deliver its unlimited tax bonds for such purposes, in the manner and upon the terms and conditions being secured as to repayment in the manner hereinafter set forth;
- (i) the issuance by the Township of its bonds for such purposes has been duly authorized by all actions required to be taken by the Township on its part; and
- (j) the Board of Directors of the Township reserves the right and discretion, upon and subject to the terms and conditions set forth herein, to issue additional bonds, in one or more series, at a future date or dates when required for authorized purposes.

(End of Article One)

#### ARTICLE TWO

### DEFINITIONS AND INTERPRETATIONS

SECTION 2.01: DEFINITIONS. The following definitions, together with the supplemental definitions in Articles Eight and Eleven hereof, shall be applicable herein (except in Sections 5.02, 5.03 and 5.04 hereof and in Exhibits "A" and "B" hereto) and in any amendment or supplement hereto:

#### Act.

The term "Act" is defined in Article One hereto.

### Additional Bonds.

The term "Additional Bonds" shall mean any additional bonds payable from ad valorem taxes which the Township may issue from time to time in the future.

### Authorized Investments.

The term "Authorized Investments" shall mean all investments which are authorized under the Township's policies for investment of Township funds and the laws of the State of Texas for investment of funds of municipal utility districts.

#### Board of Directors.

The term "Board of Directors" shall mean the governing body of the Township as now or hereafter constituted.

### Bond Counsel.

The term "Bond Counsel" shall mean the law firm of Schwartz, Page & Harding, L.L.P., Houston, Texas.

## Bonds.

The term "Bond" or "Bonds" shall mean any Bond or Bonds, as the case may be, of the issue of \$34,800,000 Unlimited Tax Bonds, Series 2010, initially dated as of April 1, 2010, authorized, issued and delivered pursuant to this Resolution.

## Business Day.

The term "Business Day" or "Business Days" shall mean any calendar day or days which fall on Monday through Friday, but shall not include any such day which is designated as an official state or national holiday or a day on which financial institutions where the Paying Agent is located are authorized or required by state or national law or by executive order to close.

## Capital Projects Fund.

The term "Capital Projects Fund" shall mean the Township's Capital Projects Fund into which a portion of the proceeds from the sale of the Bonds are to be deposited and used in accordance with Section 7.04 hereof.

## District

The term "District" is defined in Article One hereof.

DTC.

The term "DTC" means the Depository Trust Company of New York, New York, or any successor securities depository.

## DTC Participant.

The term "DTC Participant" means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC holds securities to facilitate the clearance and settlement of securities transactions among such DTC Participants.

#### Fiscal Year.

The term "Fiscal Year" shall mean the annual period from January 1 through December 31, or such other period as may hereafter be established by resolution of the Board of Directors of the Township.

## General Obligation Debt Service Fund.

The term "General Obligation Debt Service Fund" shall mean the Township's General Obligation Debt Service Fund into which taxes are to be paid pursuant to Section 6.02 hereof to pay the principal of and interest on the Bonds and the Additional Bonds, if any.

## Holders.

The term "Holder" or "Holders", when used with respect to any Bond, shall mean the Person or Persons in whose name such Bond is registered on the Register.

## Initial Bonds.

The term "Initial Bonds" means the Bonds authorized, issued and initially delivered hereunder upon which the manually executed certificate of registration of the Comptroller of Public Accounts of the State of Texas, or his duly authorized deputy, substantially in the form prescribed in Section 5.03 hereof, has been placed.

#### Initial Date.

The term "Initial Date" shall mean April 1, 2010.

# Initial Purchaser.

The term "Initial Purchaser" shall mean the Person designated as such in Section 13.01 hereof.

### Interest Payment Date.

The term "Interest Payment Date" shall mean the date on which interest on any then outstanding Bond is due and payable, as provided in Section 3.04 hereof, whether at the Maturity Date or any earlier Redemption Date.

# Letter of Representation.

The term "Letter of Representation" shall mean the Blanket Issuer Letter of Representations between the Township, the Registrar and DTC, as same may be amended or supplemented from time to time.

# Maturity Date.

The term "Maturity Date" shall mean any date on which the principal of any then outstanding Bond is scheduled to become due and payable, as provided in Section 3.03 hereof.

#### Paying Agent.

The term "Paying Agent" shall mean the agency selected and maintained from time to time by the Township for the purpose of making payment on behalf of the Township of the principal of and interest on the Bonds, as provided in Section 12.07 of this Resolution.

#### Person.

The term "Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

## Predecessor Bonds.

The term "Predecessor Bonds" shall mean, with respect to any particular Bond, every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond, and, for the purposes of this definition, any Bond registered and delivered pursuant to Section 3.10 hereof shall be deemed to

evidence the same debt as the mutilated, lost, destroyed or stolen Bond in lieu of which such Bond was delivered.

## Principal Payment Date.

The term "Principal Payment Date" shall mean the date upon which the principal of any then outstanding Bond shall become due and payable, in whole or in part, whether at the Maturity Date or any earlier Redemption Date.

### Record Date.

The term "Record Date" shall mean, with respect to an Interest Payment Date of March 1, the preceding February 15, and with respect to an Interest Payment Date of September 1, the preceding August 15, whether or not such dates are Business Days.

## Redemption Date.

The term "Redemption Date" shall mean, when used with respect to any Bond to be redeemed prior to its Maturity Date, whether in whole or in part, the date fixed for such redemption pursuant to the terms of this Resolution.

### Register.

The term "Register" shall mean the registry books maintained on behalf of the Township by a Registrar designated by the Township for such purpose in which are maintained the names and addresses of Holders and the principal amount of Bonds registered in the name of each Holder.

#### Registrar.

The term "Registrar" shall mean the trust company or banking corporation or association designated as such from time to time by the Township, as provided in Section 12.06 of this Resolution.

### Serial Bonds.

The term "Serial Bonds" shall mean any one or more, as the case may be, of the Bonds issued hereunder as serial bonds, which have Maturity Dates in the years \_\_\_\_ through \_\_\_\_, both inclusive, and which are not subject to mandatory redemption pursuant to Section 4.01 hereof.

#### Term Bonds.

The term "Term Bond" or "Term Bonds" shall mean any one or more, as the case may be, of the Bonds issued hereunder as term bonds which have a Maturity Date in the years \_\_\_\_, \_\_\_\_, and

\_\_\_\_, and which are subject to mandatory redemption pursuant to Section 4.01 hereof.

# Township.

The term "Township" is defined in the recitals hereto and shall mean and include any other public agency succeeding to the principal powers, rights, privileges and functions of the Township and, when appropriate, shall mean and refer to the Board of Directors of the Township.

SECTION 2.02: INTERPRETATIONS. The titles and headings of the articles and sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Resolution 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 taxes levied in payment thereof.

[End of Article Two]

#### ARTICLE THREE

## AUTHORIZATION, DESCRIPTION AND EXECUTION OF BONDS

SECTION 3.01: AMOUNT, NAME, PURPOSE AND AUTHORIZATION. The Bonds of the Township to be known and designated as The Woodlands Township Unlimited Tax Bonds, Series 2010, shall be issued in the aggregate principal amount of Thirty-four Million Eight Hundred Thousand Dollars (\$34,800,000) for the purpose or purposes of financing firefighting and parks and recreational facilities and equipment, refinancing certain obligations, contracts, agreements, commitments, or undertakings, and paying the costs of issuance, sale and delivery of the Bonds, all under and in strict conformity with the Constitution and laws of the State of Texas, particularly, Section 59 of Article XVI of the Texas Constitution, and the Act.

SECTION 3.02: FORM, INITIAL DATE, NUMBERS AND DENOMINATIONS. The Initial Bonds shall be issued and delivered in fully registered form, without interest coupons, and shall be dated as of the Initial Date. Thereafter, each Bond registered and delivered by the Registrar hereunder shall be similarly dated as of the Initial Date, but shall include thereon the date of its authentication by Each Initial Bond submitted for approval, the Registrar. registration and delivery in accordance with Section 3.07 hereof shall be numbered "IR-", followed by the last two digits of the year of the Maturity Date of such Initial Bond. Each Bond registered and delivered by the Registrar thereafter shall be numbered consecutively in succession, beginning with the numeral "1", which shall be preceded by the prefix "R-", and shall be in denominations of \$5,000, or any integral multiple thereof.

SECTION 3.03: INTEREST RATES AND MATURITIES. Except as otherwise provided in Section 3.12, the Bonds shall include both Serial Bonds and Term Bonds, as follows:

(a) Bonds in the aggregate principal amount of shall be issued as Serial Bonds, shall bear interest from the Initial Date, or the most recent Interest Payment Date to which interest has been paid or duly provided for, at the per annum rates set forth in the following schedule, and shall mature and become payable, subject to prior optional redemption in accordance with the provisions of Article Four hereof, on March 1 in each of the years and in the principal amounts set forth in the schedule below:

Principal Amount	Year <u>Maturity</u>	Interest Rate
\$		

(b) Bonds in the aggregate principal amount of \$\_\_\_\_\_ shall be issued as Term Bonds, shall bear interest from the Initial Date, or the most recent Interest Payment Date to which interest has been paid or duly provided for, at the per annum rates set forth in the following schedule, and shall mature and become payable, subject to mandatory and optional redemption in accordance with the provisions of Article Four hereof, on March 1 in each of the years and in the principal amounts set forth in the schedule below:

PRINCIPAL AMOUNT	YEAR OF MATURITY	INTEREST RATES
\$		o
		······································

SECTION 3.04: INTEREST PAYMENT DATES. Interest on the Bonds shall be payable on March 1, 2011, and semi-annually thereafter on September 1 and March 1 of each year until payment of the principal thereof has been made or duly provided for. The amount of interest on the Bonds payable on each Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. Not later than ten (10) days before each Interest Payment Date, the Paying Agent shall compute the amount of interest to be due and payable on such Interest Payment Date and shall send to the Township notice of the amount of interest so computed to be due and payable on such Interest Payment Date.

The interest so payable on any Interest Payment Date will be paid to the person in whose name each Bond (or one or more Predecessor Bonds evidencing the same obligation) is registered at the close of business on the Record Date for such Interest Payment Date. Each Bond delivered pursuant to the terms of this Resolution upon transfer or in exchange for or in lieu of any Predecessor Bond shall carry all the rights to interest, both accrued and unpaid,

and to accrue, which were carried by such Predecessor Bond, and each such Bond shall bear or accrue interest as specified herein so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

MEDIUM AND PLACE OF PAYMENT. SECTION 3.05: The interest on and 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 respective Interest Payment Dates Principal Payment Dates, is legal tender for the payment of debts due the United States of America. Except for mandatory redemptions of Term Bonds prior to their Maturity Dates, as required pursuant to Section 4.01 hereof, the principal of the Bonds shall be payable only upon their presentation and surrender, as they become due at their respective Maturity Dates or Redemption Dates, at the principal trust office of the Paying Agent. The interest on each Bond shall be payable, at the option of the Township, by check or draft mailed by the Paying Agent to the Holder, at the address shown on the Register, or by wire transfer to such Holder, or by such other customary banking arrangements as may be acceptable to the Paying Agent and the Holder, at the risk and expense of such Holder.

SECTION 3.06: EXECUTION. The Bonds shall be signed on behalf of the Township by the Chairman and Secretary of the Board of Directors of the Township and the Township's seal shall be placed or impressed thereon. Such signatures may be manually executed or placed in facsimile on the Bonds, and the Township's seal may be manually impressed or printed or otherwise mechanically reproduced in facsimile on the Bonds. In case any official of the Township who shall have signed any of the Bonds, either manually or by facsimile signature, shall cease to be such officer before the Bonds so signed shall have been authenticated and delivered by the Registrar, or disposed of Township, such by the nevertheless, may be authenticated and delivered or disposed of as though the Person who signed such Bonds had not ceased to be such officer of the Township; and, any Bond may be signed on behalf of the Township by such Person as, at the actual time of execution of such Bond, shall be a proper officer of the Township, although at the date of such Bond or of the adoption of this Resolution, such Person was not such officer. Minor typographical and other minor errors in the text of any Bond or minor defects in the seal or facsimile signature on any Bond shall not affect the validity or enforceability of such Bond, if same has been duly authenticated by the Registrar or registered by the Comptroller of Public Accounts of the State of Texas, as required herein.

SECTION 3.07: APPROVAL, REGISTRATION AND DELIVERY. The Initial Bonds shall consist of one Bond for each year of maturity specified in Section 3.03 hereof, representing the entire principal amount scheduled to mature in each of such years of maturity, and shall be made payable to Cede & Co., as nominee for DTC, the

designee of the Initial Purchaser. The Chairman and Secretary of the Board of Directors of the Township and representatives of the Township's Bond Counsel are each hereby authorized and directed to submit the Initial Bonds and a transcript of the proceedings relating to the issuance of the Bonds to the Attorney General of Texas for approval and, following said approval, to submit the Initial Bonds to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Initial Bonds, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be printed and endorsed on each Initial Bond. After the Initial Bonds have been registered and signed by the Comptroller, they shall be registered on the Register in the name of and shall be delivered to the Initial Purchaser, but only upon receipt of the full purchase price therefor.

At any time after delivery of the Initial Bonds, the Holder may, subject to the requirements of and in accordance with the procedures prescribed in Section 3.09 hereof, surrender any Bonds the Registrar for transfer or exchange, accompanied specifying the name(s) and address(es) instructions Person(s) to whom such Bonds are to be transferred and the principal amount(s) of the Bond(s) to be authenticated delivered in exchange therefor, and the Registrar shall thereupon, within not more than three (3) Business Days, register and deliver Bonds conforming to such instructions and the provisions of this Resolution.

No Initial Bond shall be entitled to any right or benefit under this Resolution, or be valid or obligatory for any purpose, unless there appears on such Bond a certificate of registration substantially in the form required by Section 5.03 hereof, executed by the Comptroller of Public Accounts of the State of Texas, or a duly authorized deputy, by manual signature; nor shall any Bond authenticated and delivered subsequent to the Initial Bonds be so entitled or be valid or obligatory unless there appears on such Bond either the aforementioned certificate of registration or a Certificate of Registrar substantially in the form provided in Section 5.02 hereof duly executed by an authorized officer or employee of the Registrar by manual signature. Either such of registration upon any Bond authenticated certificate delivered subsequent to the Initial Bonds shall be conclusive evidence that such Bond has been so certified or registered and delivered.

SECTION 3.08: OWNERSHIP OF BONDS. The Township, the Paying Agent, the Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and interest thereon and for all other purposes, whether or not such Bond is overdue, and neither the Township, the

Paying Agent, nor the 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 3.08 shall be valid and effectual and shall discharge the liability of the Township, the Paying Agent and the Registrar to the extent of the sums paid.

SECTION 3.09: REGISTRATION, TRANSFER AND EXCHANGE. So long as any Bonds remain outstanding, the Registrar shall keep and maintain a Register in which, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration, transfer, exchange and replacement of Bonds in accordance with the terms of this Resolution.

Each Bond shall be transferable only upon the presentation and surrender thereof at the principal corporate trust office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative. Within three (3) Business Days following due presentation for registration of the transfer of any Bond, the Township shall cause to be executed and the Registrar shall authenticate in the name(s) of the transferee(s) one or more exchange Bonds in a like aggregate principal amount(s), and having the same maturity date and bearing interest at the same rate(s), and shall deliver or mail same to the transferee(s) by United States mail, first class, postage prepaid.

All Serial Bonds shall be exchangeable upon the presentation and surrender thereof at the principal corporate trust office of the Registrar for a Serial Bond or Serial Bonds having the same Maturity Date and interest rate, being in any authorized denomination, and being in an aggregate principal amount equal to the unpaid principal amount of the Serial Bond or Serial Bonds presented for exchange. Within three (3) Business Days following due presentation for exchange of any Serial Bond, the Township shall cause to be executed and the Registrar shall authenticate and deliver or send to the Holder, by United States mail, first class, postage prepaid, exchange Serial Bonds in accordance with the provisions of this Section 3.09. Except as provided in Section 3.12 hereof, a Term Bond is not exchangeable so long as it is registered in the name of Cede Co., as nominee of DTC.

Each Bond transferred or exchanged and duly authenticated and delivered in accordance with this Section 3.09 shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such transferred or exchanged Bond is delivered. No service charge shall be made for any transfer or exchange referred to above, but the Township or the Registrar may require the Holder of any Bond to pay a sum sufficient to pay any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond.

The Registrar shall not be required to transfer or exchange any Bond on any date subsequent to a Record Date and prior to the next succeeding Interest Payment Date, or during any period beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption of Bonds prior to maturity, nor shall the Registrar be required to transfer or exchange any Bond selected for redemption in whole or in part when such Redemption Date is scheduled to occur within thirty (30) calendar days.

SECTION 3.10: REPLACEMENT BONDS. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Township shall cause to be executed, and the Registrar shall authenticate and deliver in exchange therefor, a replacement Bond of like tenor and unt, bearing a number not contemporaneously In the event that any Bond is lost, apparently principal amount, outstanding. destroyed or wrongfully taken, the Township, pursuant to the applicable laws of the State of Texas, and in the absence of actual notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall cause to be executed, and the Registrar shall authenticate and deliver, a replacement Bond of like tenor and bearing a number not contemporaneously principal amount, outstanding, provided that the Holder thereof shall have:

- (a) furnished to the Registrar and the Township satisfactory evidence of the ownership and the circumstances of the loss, destruction or theft of such Bond;
- (b) furnished such security or indemnity as may be required by the Registrar and/or the Paying Agent and/or the Township to save them harmless;
- (c) paid all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees and expenses of the Registrar and/or Paying Agent and/or the Township and any tax or other governmental charge that may be imposed; and
- (d) met any other reasonable requirements of the Township, the Registrar and/or the Paying Agent.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the Township, the Registrar and/or the Paying Agent shall be entitled to recover upon 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 Township, the Registrar and/or the Paying Agent in connection therewith.

In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Township and the Paying Agent, with the concurrence of the Registrar and the Township, which concurrence may be given or withheld, in their discretion, may pay such Bond, in lieu of issuance of a replacement Bond.

Each replacement Bond delivered in accordance with this Section 3.10 shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

BOOK-ENTRY ONLY SYSTEM. Notwithstanding the SECTION 3.11: foregoing, and with respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Township, the Paying Agent and the Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest on the Bonds. In particular, and not by way of limiting the foregoing, the Township, the Paying Agent and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than a Holder, as shown on the Register, of any notice with respect to the Bonds, including any notice redemption, or (iii) the payment to any DTC Participant or any other Person, other than a Holder, as shown in the Register, any amount with respect to the principal of or the premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Township, the Paying Agent and the Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered on the Register as the absolute owner of such Bond for the purpose of payment of the principal of and the premium, if any, and interest on such Bond; for the purpose of giving notices of redemption and other matters with respect to such Bond; for the purpose of registering transfers with respect to such Bond; and for all other purposes whatsoever. The Paying Agent shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of the Holders, as shown on the Register and as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall valid and effective to fully satisfy and discharge the Township's obligations with respect to the payment of the principal of and the premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. Except as otherwise provided in Section 3.12 hereof, no Person, other than a Holder, as shown on the Register, shall be issued an exchange Bond pursuant to this Resolution. Upon delivery by DTC to the Paying Agent and 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 of this Resolution with respect to interest payments to the Holders as of the close of business on a Record Date, the

word "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

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

SECTION 3.12: SUCCESSOR SECURITIES DEPOSITORY; TRANSFER OUTSIDE BOOK-ENTRY ONLY SYSTEM. In the event that the Township, in its sole discretion, determines that the beneficial owners of the Bonds should be able to obtain exchange Bonds, the Township shall notify DTC and the DTC Participants, as identified by DTC, of the availability through the Registrar of exchange Bonds and cause the registration and transfer of one or more exchange Bonds to the DTC Participants having Bonds credited to their DTC accounts, identified by DTC, but only upon presentation and surrender of the Bonds to be exchanged, upon receipt of proper proof of the beneficial ownerships of the DTC Participants, and in integral multiples of \$5,000 in principal amount; provided, however, that in such event, each Term Bond shall be exchangeable only for one or Serial Bonds bearing the same rate of interest more corresponding in aggregate principal amounts and Maturity Dates to the unpaid mandatory redemption amounts and Redemption Dates applicable to such Term Bond pursuant to Section 4.01 hereof, with the particular Maturity Date applicable to such exchange Serial Bond to be determined by the Registrar by lot or other customary In the event DTC discontinues the services described method. Township shall appoint a successor securities herein, the depository qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended; notify DTC and the DTC Participants, as identified by DTC, of the appointment of such successor securities depository; and cause the registration and transfer of one or more exchange Bonds to such successor securities depository. In either such event, the Bonds shall no longer be restricted to being registered on 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 the Holders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

SECTION 3.13: CANCELLATION. All Bonds paid or redeemed in accordance with this Resolution, and all Bonds in lieu of which exchange Bonds or replacement Bonds are executed, authenticated, registered and delivered in accordance with Section 3.09 or Section 3.10 of this Resolution, shall be cancelled and destroyed, upon the making of proper records regarding such payment, redemption, exchange or replacement, and shall be treated in accordance with the document retention policies of the Paying Agent and the record retention schedules of the Township. The Paying Agent and

Registrar shall periodically furnish the Township with certificates of destruction of such Bonds, upon written request therefor.

[End of Article Three]

#### ARTICLE FOUR

## REDEMPTION OF BONDS BEFORE MATURITY

SECTION 4.01: MANDATORY REDEMPTION OF TERM BONDS. Term Bonds with a Maturity Date of March 1, 20\_, shall be redeemed, at a price equal to the principal amount thereof plus accrued interest to the Redemption Date, on March 1 in each of the years and in the principal amounts set forth in the following schedule (less the principal amounts of such Term Bonds as have been previously redeemed through the exercise of the Township's reserved right of optional redemption, as provided in Section 4.02 below):

Year		incipal Amount	
	\$ \$		_ _(Maturity)

Term Bonds with a Maturity Date of March 1, 20\_\_, shall be redeemed, at a price equal to the principal amount thereof plus accrued interest to the Redemption Date, on March 1 in each of the years and in the principal amounts set forth in the following schedule (less the principal amounts of such Term Bonds as have been previously redeemed through the exercise of the Township's reserved right of optional redemption, as provided in Section 4.02 below):

	Pr	incipal
Year		Amount
	\$ \$	(Maturity)

Term Bonds with a Maturity Date of March 1, 20\_\_, shall be redeemed, at a price equal to the principal amount thereof plus accrued interest to the Redemption Date, on March 1 in each of the years and in the principal amounts set forth in the following schedule (less the principal amounts of such Term Bonds as have been previously redeemed through the exercise of the Township's reserved right of optional redemption, as provided in Section 4.02 below):

	Princip	
<u>Year</u>	Amour	<u>it</u>
	\$ \$	 (Maturity)

Term Bonds with a Maturity Date of March 1, 20\_\_, shall be redeemed, at a price equal to the principal amount thereof plus accrued interest to the Redemption Date, on March 1 in each of the years and in the principal amounts set forth in the following

schedule (less the principal amounts of such Term Bonds as have been previously redeemed through the exercise of the Township's reserved right of optional redemption, as provided in Section 4.02 below):

	Pri	incipal	
<u>Year</u>		Amount	
	\$		
	\$		_ _(Maturity)

Notwithstanding the foregoing, to the extent that the Term Bonds have been previously redeemed in part through the exercise of the Township's reserved right of optional redemption, as provided in Section 4.02 below, each of the aforesaid scheduled mandatory redemption payments for the Term Bonds shall be reduced in each such instance of prior redemption, as provided in Section 4.02, such that the cumulative reductions in such mandatory redemption payments equal the cumulative prior optional redemptions of the Term Bonds.

OPTIONAL REDEMPTION OF BONDS. SECTION 4.02: The Township reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 20\_\_, prior to their respective Maturity Dates, in whole or, from time to time, in part, on March 1, 20 , or on any date thereafter, at a price equal to the principal amount thereof to be redeemed plus unpaid accrued interest on the Bonds called for redemption to the Redemption Date. The Township shall, least forty-five (45) days prior to the date fixed for redemption (unless a shorter notice shall be satisfactory to the Registrar and Paying Agent), notify the Registrar and Paying Agent of such Redemption Date and of the principal amount of the Bonds of each maturity to be redeemed. If less than all of the Serial Bonds of the same maturity are to be redeemed, the particular Serial Bonds to be redeemed, in whole or in part, from within each such maturity shall be selected by the Registrar from the Serial Bonds which have not previously been called for redemption, by lot or other customary method; provided, however, that in the event that a Serial Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Serial Bond may be redeemed, but only in a principal amount equal to \$5,000 or an integral multiple thereof. The Registrar shall promptly notify the Township and the Paying Agent, in writing, of the Serial Bonds selected for redemption and, in the case of any Serial Bond selected for partial redemption, of the principal amount thereof to be redeemed. If less than all of the entire outstanding principal amount of a Term Bond is to be redeemed, the Township shall notify the Paying Agent at least forty-five (45) calendar days prior to the Redemption Date of the reductions in the remaining mandatory redemption amounts to result from such optional redemption.

SECTION 4.03: NOTICE OF OPTIONAL REDEMPTION. Notice of each exercise of the reserved right of optional redemption shall be given by the Township, or at the Township's request, by the Registrar, at least thirty (30) days prior to the Redemption Date by sending such notice by United States mail, first class, postage prepaid, to the Holder of each Bond to be redeemed in whole or in part at the address shown on the Register on the date which is forty-five (45) calendar days prior to the Redemption Date. notice shall state that such redemption is to be accomplished through the Township's reserved right of optional redemption, the Redemption Date, the redemption price, the principal amount of the Bonds to be redeemed or, if less than all of the then outstanding Bonds are to be redeemed, the identification of the Bonds to be redeemed (and, in the case of partial redemptions, the respective principal amounts of the Serial Bonds to be redeemed, or the reductions in remaining mandatory redemption amounts of the Term Bonds to result from such optional redemption), the amount of accrued interest payable on the Redemption Date and the place at which the Bonds are to be surrendered for payment. Any notice mailed as provided in this Section 4.03 shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. Except as otherwise provided in Section 11.03 of this Resolution, and unless otherwise required by law, no other notice of the exercise of the reserved right of redemption need be given. Notice of mandatory redemption need not be given.

SECTION 4.04: PARTIAL REDEMPTIONS. For purposes of this Resolution, unless the context requires otherwise, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond which has been or is to be redeemed. Upon surrender of any Serial Bond for redemption in part, the Registrar, in accordance with Section 3.09 of this Resolution, shall authenticate and deliver an exchange Serial Bond or Serial Bonds in an aggregate principal amount equal to the unredeemed portion of the Serial Bond so surrendered.

SECTION 4.05: PROVISION FOR PAYMENT. By the Redemption Date, due provision shall be made with the Paying Agent for the payment of the redemption price for the Bonds to be redeemed. When Bonds have been called for redemption, in whole or in part, as provided above, and due provision has been made to redeem same, such Bonds, or portions thereof, shall no longer be regarded as outstanding, except for the purpose of receiving payment from the funds provided for redemption, and the right of the Holders to collect interest which would otherwise accrue after the Redemption Date upon the Bonds or portions thereof so called for redemption shall be terminated.

[End of Article Four]

## ARTICLE FIVE

## FORM OF BONDS AND CERTIFICATES

SECTION 5.01: FORM OF BONDS. The Bonds authorized by this Resolution shall be in substantially the form specified in Exhibit "A" attached hereto and made a part hereof for all purposes, with such omissions, insertions and variations as may be necessary or desirable and consistent with the terms of this Resolution.

SECTION 5.02: CERTIFICATE OF REGISTRAR. The following form of Certificate of Registrar shall be printed on the face of each of the Bonds authenticated and delivered subsequent to the Initial Bonds:

#### CERTIFICATE OF REGISTRAR

This is to certify that this Bond is one of the bonds issued under the provisions of the within-mentioned Bond Resolution, and it is hereby further certified that this Bond has been authorized and delivered in conversion and exchange for, or in replacement of, a bond, bonds or portions thereof (or one or more prior conversion, exchange or replacement bonds) originally issued by the issuer named in such Bond Resolution, approved by the Attorney General of Texas, and initially registered by the Comptroller of Public Accounts of the State of Texas.

COMPANY, N.A.
Registrar

Dated:

By:

THE BANK OF NEW YORK MELLON TRUST

Authorized Signature

SECTION 5.03: REGISTRATION OF BONDS BY STATE COMPTROLLER AND CERTIFICATE. The Initial Bonds shall be registered by the Comptroller of Public Accounts of the State of Texas, as provided by law. In lieu of the Certificate of Registrar specified in Section 5.02 hereof, the registration certificate of the Comptroller of Public Accounts of the State of Texas shall be printed or typed on each of the Initial Bonds and shall be in substantially the form set forth in Exhibit "A" hereto.

SECTION 5.04: FORM OF ASSIGNMENT. Provisions for the assignment of the Bonds shall be printed on the back of each of the Bonds in substantially the form set forth in Exhibit "A" hereto.

SECTION 5.05: CUSIP REGISTRATION. The officers and representatives of the Township may secure the printing of identification numbers on the Bonds through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York.

SECTION 5.06: LEGAL OPINION. The approving opinion of the Township's Bond Counsel may be printed on the Bonds over the certification of the Secretary of the Board of Directors, which may be executed in facsimile.

[End of Article Five]

### ARTICLE SIX

#### SECURITY FOR THE BONDS

SECTION 6.01: SECURITY FOR BONDS. The Bonds are secured by and payable from the levy of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property within the Township, and such taxes, as collected and received, are hereby pledged to the payment of the principal of and the interest, payment expenses and redemption price on the Bonds.

SECTION 6.02: LEVY OF TAX. To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes and making payments in respect of the Bonds, there is hereby levied, and there shall be assessed and collected in due time, a continuing, direct, annual ad valorem tax, without limit as to rate or amount, on all taxable property in the Township for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except costs incurred connection, shall be paid into the General Obligation Debt Service Fund, and the aforementioned tax and such payments into such Fund shall continue until the Bonds and the interest thereon, and all expenses incurred in making payments in respect of the Bonds, and all excess arbitrage profits payable to the United States of America, have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. While said Bonds, or any of them, are outstanding and unpaid, an ad valorem tax, each year at a rate from year to year as will be ample and sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal on the Bonds when due, with full allowance being made for delinquencies and costs of collection, shall be levied, assessed and collected and applied to the payment of principal and interest on the Bonds, as follows:

- (a) On or before October 1 in each year, or as soon after that time as practicable, the Board of Directors shall consider the taxable property in the Township and determine the actual rate per \$100 valuation of taxable property which is to be levied in that year and shall levy such tax against all taxable property in the Township.
- (b) In determining the actual rate to be levied in each year, the Board of Directors shall consider, among other matters:
  - (1) the amount which should be levied for the payment of the principal of or the interest, payment expenses and redemption price on each series of

bonds or notes of the Township payable in whole or in part from taxes, including, but not limited to, the Bonds and any Additional Bonds; and

- (2) the percentage of anticipated tax collections and the costs of assessing and collecting such taxes.
- (c) In determining the amount of taxes which should be levied each year, the Board of Directors may also consider whether the Board of Directors reasonably expects to have investment earnings from the General Obligation Debt Service Fund or revenues or receipts available from other sources which are legally available to pay the principal of or the interest, payment expenses or redemption price on the Township's bonds or notes payable in whole or in part from taxes or excess arbitrage profits payable to the United States of America.

In addition to the tax levied pursuant to this Section 6.02, the Township may also levy from time to time taxes for general revenue purposes, for contract obligations payable from taxes, and for any other purpose or purposes authorized by law.

SECTION 6.03: COLLECTION OF TAXES. So long as any of the Bonds remain outstanding, the Township covenants that it will take such actions and use such measures as may be deemed appropriate under the circumstances to preserve and protect the existence and priority of its rights to and liens for the collection delinquent taxes, including, but not limited to, where deemed appropriate, suits for collection of taxes and/or foreclosure of tax liens. In particular, the Township covenants and agrees that the Township's actual collection of taxes (including should applicable penalties and interest thereon) for any tax year not exceed 93% of the total amount of taxes levied by the Township for such tax year as of the date which is 180 days after their delinquency date, then the Township will proceed promptly, commencing in no event later than thirty (30) days from such date, to take all necessary legal actions (including, but not limited to, employment of counsel, the authorization, filing prosecution of suits for the collection of taxes and/or foreclosure of tax liens, and the levy and execution of judgment and/or foreclosure and sale of properties subject to tax liens) to collect sufficient delinquent taxes (including applicable penalties and interest thereon) for such tax year to at least equal, by the date which is one (1) year from their delinquency date, 95% of the total amount of taxes levied for such tax year; provided, however, that so long as the Township has made all payments and deposits required hereunder to be made in respect of the Bonds, the failure or inability of the Township to timely achieve the foregoing levels of tax collections shall not, under any circumstances, be deemed to be a default in payment or performance by the Township hereunder.

SECTION 6.04: PERFECTION OF PLEDGE. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of taxes by the Township under Section 6.01 of this Resolution, and such pledge is, therefore, valid, effective and perfected. If, at any time while all or any portion of the Bonds are outstanding and unpaid, Texas law is amended in a manner that such pledge is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Holders the perfection of the security interest in and to such pledge, the Township covenants and agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and to enable a filing to perfect the security interest in such pledge to occur.

[End of Article Six]

#### ARTICLE SEVEN

### FLOW OF FUNDS AND INVESTMENTS

SECTION 7.01: CREATION OF FUNDS. The Township's General Obligation Debt Service Fund and Capital Projects Fund are hereby created and established.

SECTION 7.02: SECURITY OF FUNDS. Any cash balance in any fund of the Township, to the extent not insured by the Bank Insurance Fund or the Savings Insurance Fund, managed by the Federal Deposit Insurance Corporation, or a successor insurance fund, shall be continuously secured by a valid pledge to the Township of securities eligible under the laws of Texas to secure the funds of municipal utility districts, having an aggregate market value, exclusive of accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged, or such higher amount as required by the Township's policies for investment of the Township's funds.

SECTION 7.03: GENERAL OBLIGATION DEBT SERVICE FUND. General Obligation Debt Service Fund shall be kept separate and apart from all other funds of the Township and, to the extent permitted by law, shall constitute a trust fund for the benefit of the Holders of the Bonds and any Additional Bonds and shall be applied only to (i) pay the interest and principal on the Bonds and any Additional Bonds, and the fees and expenses of the Paying Agent and the Registrar in respect of same, (ii) defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any Additional Bonds, (iii) pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes shall become due, and (iv) to pay to the United States of America any excess arbitrage profits in respect of the Bonds and any Additional Bonds which may hereafter become due. To the extent permitted by law, the Holders of the Township's Bonds and any Additional Bonds hereafter issued shall be deemed to be equal beneficiaries of and shall have an equal and proportionate right, claim and interest in and to any funds, investments and earnings from time to time on deposit in, derived from or belonging to the General Obligation Debt Service Fund.

The Township shall deposit or cause to be deposited into the General Obligation Debt Service Fund the aggregate of the following at the times specified:

- (a) As soon as practicable after the Initial Bonds are sold and delivered, accrued interest on the Initial Bonds from the Initial Date to the date of their delivery;
- (b) As collected, the proceeds from collection of the ad valorem tax levied pursuant to Section 6.02 hereof, less the costs of collection thereof; and

(c) On or before September 1, 2010, a sum sufficient to pay the principal and interest due on the Bonds on such date, which amount is hereby appropriated from and set aside from funds currently available in the Township's General Fund.

Not later than five (5) calendar days prior to any Principal Payment Date or Interest Payment Date on the Bonds, the Board of Directors shall cause moneys to be deposited into the General Obligation Debt Service Fund in an amount not less than that which is sufficient to pay the principal which matures on such date, the interest which accrues on such date, and the Paying Agent's fees and expenses for handling and making such payments on such date, and not later than two (2) Business Days prior to any such date, shall cause such amounts to be transferred to the Paying Agent.

SECTION 7.04: CAPITAL PROJECTS FUND. Separate within the Capital Projects Fund shall be created on the books of the Township with respect to each of the several purposes for which the Bonds are issued and for the receipt of the deposits of Bond proceeds, and interest or investment earnings attributable thereto, and for expenditures therefrom. Moneys on deposit in the Capital Projects Fund shall be used solely for the payment of the expenses incident to the issuance, sale and delivery of the Bonds, including financial advisory, legal and engineering fees and expenses, proportionately from each of such separate accounts, and for payment of the costs of purchasing, constructing or acquiring the and equipment and refunding or refinancing facilities obligations, contracts, agreements, commitments, or undertakings for which the Bonds are issued.

SECTION 7.05: SURPLUS CAPITAL PROJECTS FUNDS. Any moneys remaining in the Capital Projects Fund after completion of payment of the entire costs of the facilities, equipment and refinancing for which the Bonds are issued shall be deposited into the General Obligation Debt Service Fund.

INVESTMENTS; EARNINGS. Moneys deposited into SECTION 7.06: the General Obligation Debt Service Fund, the Capital Projects Fund and any other fund or funds or separate accounts within a fund Township may lawfully create may be invested reinvested from time to time, but only in Authorized Investments and only to the extent permitted by applicable law. Except to the extent otherwise required to maintain compliance with the covenants set forth in Section 8.04 hereof, all investments and any profits realized from or interest accruing on such investments shall belong to the fund or the separate accounts within a fund from which the moneys for such investments were taken; provided, however, that in the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund or separate account within a fund may be transferred to the General Obligation

Debt Service Fund. If any moneys are so invested, the Township shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested moneys on hand to meet the obligations payable out of such fund. After such sale, the moneys resulting therefrom shall belong to the fund or separate account within a fund from which the moneys for such investments were initially taken. The Township shall not be responsible to the Holders for any loss arising out of the sale of any investments.

[End of Article Seven]

#### ARTICLE EIGHT

## APPLICATION OF BOND PROCEEDS

SECTION 8.01: BOND PROCEEDS. Proceeds from the sale of the Bonds will be disbursed in accordance with this Article.

SECTION 8.02: ACCRUED INTEREST. Moneys received from the Initial Purchaser of the Bonds representing accrued interest on the Initial Bonds from the Initial Date to the date of their actual delivery shall be deposited into the General Obligation Debt Service Fund.

SECTION 8.03: PAYMENTS AND DEPOSITS. The remaining proceeds from the sale of the Bonds shall be used to pay the costs of issuance, sale and delivery of the Bonds, and after making such payments and the deposit hereinbefore provided, shall be deposited into the Capital Projects Fund to the credit of the special accounts to be created within such fund.

SECTION 8.04: FEDERAL INCOME TAX EXCLUSION. The Township covenants that it shall make such use of the proceeds of the Bonds, regulate investments of the proceeds thereof and take such other and further actions as may be required by Sections 103 and 141-150 of the Internal Revenue Code of 1986 (the "Code"), and all applicable temporary, proposed and final regulations and procedures promulgated thereunder or promulgated under the Internal Revenue Code of 1954, to the extent applicable to the Code (the "Regulations"), necessary to insure that interest on the Bonds is excludable from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the Township hereby covenants as follows:

(a) The Township intends that the interest on the Bonds shall be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Code and the applicable Regulations. The Township covenants and agrees not to take any action, or knowingly 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, for federal income tax purposes. In particular, the Township covenants and agrees to comply with each requirement of this Section 8.04; provided, however, that the Township be required to comply with any particular shall not requirement of this Section 8.04 if the Township 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 Township has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section 8.05

will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section 8.04.

- (b) The Township 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, that the proceeds of the Bonds have not been used, and that proceeds of the Bonds will not be used, in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of Regulations promulgated the Code and the thereunder. Moreover, the Township 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 the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.
- (c) The Township covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly 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 the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.
- (d) The Township covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be "hedge bonds" within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.
- (e) The Township 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 Township 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 the applicable Regulations promulgated thereunder. Moreover, the Township covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other from Bond proceeds, investment income derived 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 the applicable Regulations promulgated thereunder.

- (f) If the Township does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the Township will take all necessary steps to comply with the requirement that certain amounts earned by the Township 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 Specifically, the Township will (i) maintain government. records regarding the investment 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 separately from records of amounts on deposit in the funds and accounts of the Township allocable to other bond issues of the Township or moneys which do not represent gross proceeds of any bonds of the Township, (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, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the Township 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 a 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.
- (g) The Township covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.
- (h) Notwithstanding any other provision of this Resolution, the Township's obligations under the covenants and provisions of this Section 8.04 shall survive the defeasance and discharge of the Bonds.

SECTION 8.05: ALLOCATION OF, AND LIMITATION ON, EXPENDITURES. The Township covenants to account for the expenditure of the

proceeds from the sale of the Bonds and investment earnings to be used for the purposes for which the Bonds are issued on its books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (i) the expenditure is made, or (ii) the facilities to be constructed and/or purchased with the proceeds of the Bonds are completed. Notwithstanding the foregoing, the Township shall not expend proceeds from the sale of the Bonds or investment earnings thereon more than sixty (60) days after the earlier of (a) the fifth anniversary of the delivery of the Bonds, or (b) the date the Bonds are retired. For purposes of determining compliance with this covenant, the Township and its officers, agents and representatives may rely upon Counsel's Opinion to the effect that the proposed actions or omissions of the Township will not adversely affect the excludability of the interest on the Bonds from gross income for federal income tax purposes.

SECTION 8.06: DISPOSITION OF FACILITIES. The Township covenants that the property constituting the facilities to be constructed and/or purchased with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Township of cash or other compensation unless the Township obtains Counsel's Opinion to the effect that the proposed actions of the Township will not adversely affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. For purposes of the foregoing, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation.

[End of Article Eight]

### ARTICLE NINE

## ADDITIONAL BONDS AND REFUNDING BONDS

SECTION 9.01: ADDITIONAL BONDS. The Township expressly reserves the right to issue Additional Bonds, in one or more installments, for authorized purposes, including:

- (a) the remaining \$5,745,000 in principal amount of the unissued bonds for financing firefighting facilities and equipment which were authorized at the election described in Paragraph 1.04(f) of this Resolution; and
- (b) the remaining \$8,360,000 in principal amount of the unissued bonds for financing parks and recreational facilities and equipment which were authorized at the election described in Paragraph 1.04(f) of this Resolution; and
- (c) the remaining \$1,035,000 in principal amount of the unissued bonds for refunding or refinancing any obligations, contracts, agreements, commitments, or undertakings which were authorized at the election described in Paragraph 1.04(f) of this Resolution; and
- (d) such other bonds as may hereafter be authorized at subsequent elections.

[End of Article Nine]

#### ARTICLE TEN

## DEFAULT PROVISIONS

SECTION 10.01: REMEDIES IN EVENT OF DEFAULT. In addition to any other rights and remedies provided by the laws of the State of Texas, the Township covenants and agrees that in the event of default in the payment of the principal of or interest on any of the Bonds when due, or, in the event the Township fails to make the payments required to be made into the General Obligation Debt Service Fund, or defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution, the Holders shall be entitled to seek a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Township and the officials thereof to observe and perform the covenants, obligations or conditions prescribed in this Resolution. Any delay or omission in the exercise of any right or power accruing upon any default shall not impair any such right or power or be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 10.02: RESOLUTION IS CONTRACT. In consideration of the purchase and acceptance of the Bonds by the Holders, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Township and such Holders, and the covenants and agreements herein set forth to be performed on behalf of the Township shall be for the equal benefit, protection and security of each of such Holders. Each of the Bonds, regardless of the time or times of their issue, authentication, delivery or maturity, shall be of equal rank, without preference, priority or distinction of any Bond over any other, except as expressly provided herein.

[End of Article Ten]

## ARTICLE ELEVEN

#### CONTINUING DISCLOSURE

SECTION 11.01: DEFINITIONS. As used in this Article, the following terms have the meanings ascribed to them below:

The term "MSRB" means the Municipal Securities Rulemaking Board.

The term "obligated person" has the meaning assigned to such term in the Rule.

The term "Offering" has the meaning assigned to such term in the Rule.

The term "Rule" means SEC Rule 15c2-12, as amended from time to time.

The term "SEC" means the United States Securities and Exchange Commission.

SECTION 11.02: ANNUAL REPORTS. The Township shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, and within six (6) months after the end of each Fiscal Year ending in or after 2010, financial information and operating data with respect to the Township of the general type included in the Township's final Official Statement prepared and distributed in connection with the Bonds, being the information described in Exhibit "B" attached hereto. Any financial statements to be so provided shall be (i) prepared in accordance with the accounting "B" principles described in Exhibit hereto, orsuch accounting principles as the Township may be required to employ from time to time pursuant to State law or regulations, and (ii) audited, if the Township commissions an audit of such statements and such audit is completed within the period during which they must be provided hereunder. If any such audit is not completed within such period, then the Township shall provide such audited financial statements for the applicable Fiscal Year to the MSRB when and if such audit report becomes available.

If the Township changes its Fiscal Year, the Township will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Township otherwise would be required to provide financial information and operating data pursuant to this Section 11.02. The financial information and operating data to be provided pursuant to this Section 11.02 may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. The Township shall notify the MSRB, in a timely manner, of any failure of the

Township to provide financial information or operating data in accordance with this Section 11.02 by the time required herein. All documents provided to the MSRB pursuant to this Section 11.02 shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 11.03: MATERIAL EVENT NOTICES. The Township shall notify the MSRB, in an electronic format as prescribed by the MSRB, and in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the applicable provisions of the federal securities laws:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (q) Modifications to the rights of the Holders of the Bonds;
- (h) Calls for redemption of the Bonds;
- (i) Defeasances of the Bonds;
- (j) Release, substitution or sale of property securing repayment of the Bonds; or
- (k) Rating changes.

SECTION 11.04: LIMITATIONS, DISCLAIMERS AND AMENDMENTS.

(a) The Township shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the Township remains an "obligated person" with respect to the Bonds, within the meaning of the Rule, except that the Township in any event will give notice of any call for redemption of the Bonds or defeasance of the Bonds, in whole or in substantial part, made in accordance with this Resolution or applicable law that causes such Bonds to no longer be outstanding.

(b) The provisions of this Article are for the sole benefit of the Holders of the Bonds and any beneficial owners or holders of the Bonds within the meaning of the Rule, and nothing herein, expressed or implied, shall be deemed to confer any benefit or any legal or equitable right, remedy or claim hereunder upon any other The Township undertakes to provide only the financial information, operating data financial statements and notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may relevant or material to a complete presentation conditions or prospects Township's financial results, Township, nor does the Township undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The Township does not representation or warranty concerning such information or its usefulness to a decision to invest in or to sell Bonds at any future date.

- (c) Under no circumstances shall the Township be liable to the Holder 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 Township, whether negligent or without fault on its part, of any covenant specified in this Article, but every right and remedy of any such person, in contract or in tort, for or on account of any such breach, shall be limited to an action for mandamus or specific performance.
- (d) No default by the Township in observing or performing its obligations under this Article shall constitute a breach of or default under this Resolution for purposes of any other provision of this Resolution.
- (e) Nothing in this Article is intended or shall act to disclaim, waive or otherwise limit the duties of the Township under applicable federal and state securities laws.
- (f) Should the Rule be amended to obligate the Township to make filings with or provide notices to entities other than the MSRB, the Township hereby agrees to undertake such obligations with respect to the Bonds in accordance with the Rule as amended.
- (g) Except as provided hereinafter, the provisions of this Article may be amended by the Township from time to time, in its discretion, to adapt to changed circumstances that arise from a change in law, the identity, nature, status or type of operations of the Township, or other circumstances, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell the Bonds in a primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the outstanding Bonds consent to such amendment, or (B) a person that is unaffiliated with the

Township (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders of the Bonds and any beneficial owners or holders of the Bonds within the meaning of the Rule. Notwithstanding the foregoing, the Township may also repeal or amend the provisions of this Article if the SEC amends or repeals the applicable provisions of the Rule or if any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but, in either case, only if and to the extent that any such amendment or repeal by the Township would not prevent an underwriter from lawfully purchasing or selling the Bonds in the primary offering of the Bonds. If this Article is so amended, the Township shall include with any amended financial information or operating data next provided in accordance with this Article an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

[End of Article Eleven]

#### ARTICLE TWELVE

#### MISCELLANEOUS PROVISIONS

SECTION 12.01: PAYMENT OF BONDS AND PERFORMANCE OF OBLIGATIONS. The Township covenants to pay promptly the principal of, premium, if any, and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Bonds and this Resolution, and to keep and perform faithfully all of its covenants, undertakings and agreements contained in this Resolution, the Initial Bonds or in any Bond executed, authenticated, registered and delivered hereunder.

SECTION 12.02: ISSUANCE OF BONDS UNDER CERTAIN TERMS AND CONDITIONS. The Bonds shall be issued upon and subject to the further terms and conditions contained in the Act, and where the provisions of the Act are inconsistent or in conflict with the terms and provisions of this Resolution, the terms and provisions of the Act shall govern.

SECTION 12.03: TOWNSHIP'S SUCCESSORS AND ASSIGNS. Whenever in this Resolution the Township is named and referred to, such naming or reference shall be deemed to include the Township's successors and assigns, and all covenants and agreements in this Resolution by or on behalf of the Township, except as otherwise provided herein, shall bind and inure to the benefit of the Township's successors and assigns, whether or not so expressed.

SECTION 12.06: REGISTRAR. The initial Registrar in respect of the Bonds shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The Township will maintain at least one Registrar in the State of Texas, where Bonds may be surrendered for registration of transfer and/or for exchange or replacement for other Bonds, and for the purpose of maintaining the Register on behalf of the Township. The Registrar shall at all times be a trust company or banking corporation or association organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least \$25,000,000, which is subject to the supervision of or examination by federal or State banking authorities, and which is a transfer

agent duly registered with the Federal Securities and Exchange Commission; provided, however, that the foregoing capital and surplus requirements of any successor Registrar shall be deemed to have been satisfied if the parent corporation or the affiliated group of corporations, as defined in Section 1504 of the Code, of which such successor Registrar is a member has filed an undertaking pursuant to the Texas Substitute Fiduciary Act, Acts of the 70th Texas Legislature, Chapter 207, 1987, with the Banking Commissioner of the State of Texas evidencing its irrevocable undertaking to be fully responsible for the acts and omissions of such successor Registrar, and such parent company and its subsidiaries satisfy such capital and surplus requirements on a consolidated basis. The Township, by appropriate action, may elect to change any Registrar or appoint additional Registrars.

SECTION 12.07: PAYING AGENT. The initial Paying Agent in respect of the Bonds shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The Township will maintain in the State of Texas, an agency where the Bonds may be presented or surrendered for payment and where interest payable on the Bonds may be paid. The Township, by order, Resolution or other appropriate action, reserves the right and authority to change any Paying Agent or to appoint additional Paying Agents, and upon any such change or appointment, the Township covenants and agrees to promptly cause written notice thereof, specifying the name and address of such changed or additional Paying Agent, to be sent to each Holder of the Bonds by United States mail, first class, postage prepaid.

SECTION 12.08: DISCHARGE BY DEPOSIT. The Township reserves the right to discharge its obligations to the Holders to pay the principal of and the interest on the Bonds or to defease the Bonds in any manner then permitted by applicable law.

SECTION 12.09: PAYMENTS ON BUSINESS DAYS. Notwithstanding any terms or provisions of this Resolution, the Initial Bonds or the Bonds to the contrary, in any case where an Interest Payment Date or a Principal Payment Date is scheduled on a day other than a Business Day, then payment of principal, interest or redemption price need not be made on such date but may be made on the next succeeding Business Day, with the same force and effect as if made on the Interest Payment Date or Principal Payment Date, and no further interest shall accrue.

SECTION 12.10: ESCHEAT LAWS. Notwithstanding any part or provision of the Initial Bonds, the Bonds or this Resolution to the contrary, the powers, rights, duties, functions and responsibilities of the Township, the Paying Agent, the Registrar and the Holders shall at all times conform and be subject to the requirements, limitations, procedures and provisions of Title 6, Texas Property Code, as now or hereafter amended, and in case of any conflict or inconsistency therewith now existing or hereafter created, the provisions of such laws shall prevail and control, and

the provisions of the Bonds and this Resolution shall be deemed to be supplemented or amended to conform thereto.

SECTION 12.11: ACCOUNTING. The Township will keep proper records and accounts regarding the levy and collection of taxes, which records and accounts will be made available to any Holder on reasonable request. Each year while any of the Bonds are outstanding, the Township shall have an audit of its books and accounts performed by a certified public accountant or firm of certified public accountants, based on its Fiscal Year, and copies of such audits will be made available to any Holder upon request and upon payment by such Holder of the reasonable costs to the Township of providing same.

SECTION 12.12: SEVERABILITY CLAUSE. If any word, phrase, clause, sentence, paragraph, section or other part of this Resolution, or the application thereof to any Person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Resolution and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Resolution to any other Persons or circumstances shall not be affected thereby.

SECTION 12.13: BENEFITS OF RESOLUTION. Nothing in this Resolution or in the Initial Bonds or the Bonds, expressed or implied, shall give or be construed to give any Person, other than the Township, the Paying Agent, the Registrar and the Holders, any legal or equitable right or claim under or in respect of this Resolution, or under any covenant, condition or provision herein contained; all the covenants, conditions and provisions contained in this Resolution or in the Bonds being for the sole benefit of the Township, the Paying Agent, the Registrar and the Holders.

SECTION 12.14: NOTICE. Except as otherwise expressly provided herein, any notice, authorization, request or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when deposited in the United States mail, first class or registered or certified, with postage prepaid, and addressed to the Person to be notified at the latest address shown on the Register. A United States Postal Service registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery of such notice.

SECTION 12.15: FURTHER PROCEEDINGS. The Chairman and Secretary of the Board of Directors and other appropriate officials of the Township are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Resolution.

[End of Article Twelve]

#### ARTICLE THIRTEEN

### SALE AND DELIVERY OF BONDS

SECTION 13.01: SALE OF BONDS. Sale of the Bonds is hereby awarded to \_\_\_\_\_\_ (the "Initial Purchaser") for the sum of \$\_\_\_\_\_, plus accrued interest on the Bonds from the Initial Date to the date of delivery, subject to the approving opinion as to legality of the Initial Bonds of the Attorney General of Texas and of Bond Counsel for the Township. It is hereby found and declared that the bid of the Initial Purchaser produces the lowest net effective interest rate to the Township and is the best obtained for the Bonds pursuant to and after taking sealed, competitive public bids therefor.

SECTION 13.02: NOTICE OF SALE. It is hereby affirmatively found and declared that notice of the time and place of the sale and the details concerning the sale of the Bonds was given by publishing an appropriate notice of sale:

- (a) at least one (1) time not less than ten (10) days before the date of sale in a newspaper of general circulation in the county in which the Township is located; and
- (b) at least one (1) time in a recognized financial publication of general circulation in the State of Texas, as approved by the Attorney General of Texas.

SECTION 13.03: APPROVAL OF RELATED AGREEMENTS. The Board of Directors has reviewed the terms and provisions of a proposed Paying Agent/Registrar Agreement and the form, terms and provisions of same are hereby in all things approved, subject to such insertions, additions and modifications as shall be necessary in the judgment of the officials of the Township executing same, to carry out the intents and purposes of this Resolution, and the President/General Manager of the Township or the Chairman or Vice Chairman and Secretary or Assistant Secretary of the Board of Directors are hereby authorized to execute, attest, seal and deliver such agreement for and on behalf of the Township in multiple counterparts.

SECTION 13.04: APPROVAL, REGISTRATION AND DELIVERY. The Chairman and Secretary of the Board of Directors and Bond Counsel for the Township are hereby authorized and directed to submit the Initial Bonds, and a transcript of the proceedings relating to the issuance of the Bonds, to the Attorney General of Texas for approval and, following said approval, to submit the Initial Bonds to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Initial Bonds, the Comptroller of Public Accounts (or a deputy designated in writing

to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be endorsed on each Initial Bond. After the Initial Bonds have been registered and signed by the Comptroller, they shall be delivered to the Initial Purchaser, or its designee, but only upon receipt of the full purchase price therefor.

[End of Article Thirteen]

#### ARTICLE FOURTEEN

#### OPEN MEETING AND EFFECTIVE DATE

OPEN MEETING. Board of Directors SECTION 14.01: The officially finds, determines and declares that this Resolution was reviewed, considered and adopted at a special meeting of the Board of Directors beginning at 9:00 a.m., on March 24, 2010, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted at a place readily accessible and convenient to the public within the Township and was timely furnished to the County Clerks of Harris County and Montgomery County, Texas, for posting on a bulletin board located at a place convenient to the public in the Harris County Courthouse and the Montgomery County Courthouse for the time required by law preceding this meeting, as required by Chapter 551, Texas Government Code, as amended, and the Act, and that this meeting has been open to the public, as required by law, at all times during which this Resolution and the subject matter hereof has been discussed, considered and acted upon. The Board of Directors further ratifies, approves and confirms such written notice and the contents and posting thereof.

SECTION 14.02: EFFECTIVE DATE OF RESOLUTION. This Resolution shall take effect and be in full force and effect upon and after its passage.

[End of Article Fourteen]

PASSED AND APPROVED this 24th day of March, 2010.

Chairman, Board of Directors The Woodlands Township

ATTEST:

Secretary, Board of Directors The Woodlands Township

(SEAL)

# EXHIBIT "A" (FORM OF INITIAL BOND)\*

REGISTERED		REGISTERED
NUMBER	UNITED STATES OF AMERICA	AMOUNT
	STATE OF TEXAS	
IR- 1	COUNTY OF MONTGOMERY	\$
	THE WOODLANDS TOWNSHIP	
	UNLIMITED TAX BOND,	
	SERIES 2010	

Interest Rate: Maturity Date: Initial Date: CUSIP NO.:

March 1, \_\_\_\_ April 1, 2010 \_\_\_\_\_

THE WOODLANDS TOWNSHIP, a governmental agency, body politic and corporate and political subdivision of the State of Texas situated in Montgomery and Harris Counties, Texas, and organized and operating under the Constitution and laws of the State of Texas (herein the "Township"), FOR VALUE RECEIVED hereby acknowledges itself indebted to and PROMISES TO PAY TO

CEDE & CO.

or registered assigns, on the due date specified above, the principal sum of

\_\_\_\_\_ DOLLARS

(or so much thereof as shall not have been paid or deemed to have been paid upon prior redemption), and to pay interest thereon from the later of the initial date specified above or the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months. Interest hereon is payable March 1, 2011, and semiannually thereafter on September 1 and March 1 (individually, an "Interest Payment Date") of each year until the maturity or redemption date of this Bond, as provided in the resolution of the Board of Directors of the Township duly adopted on March 24, 2010 (the "Bond Resolution"), authorizing the issuance of this Bond, to the person in whose name this Bond is registered at the close of business on the 15th day (whether or not a business day) of the calendar month next preceding such Interest Payment Date. Principal of and interest on this Bond are payable to, or upon written order of, the registered owner hereof 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. Principal of this Bond due at maturity or upon earlier redemption is payable upon presentation and surrender of this Bond at the principal corporate trust office of the agency

selected by the Township for such purpose in the State of Texas (the "Paying Agent"). Except at maturity, interest on this Bond is payable, at the option of the Township, by mailing of a check or draft of the Paying Agent for such interest payable to, or upon written order of, the registered owner hereof at the address shown on the registry books maintained on behalf of the Township by a trust company or banking corporation or association in the State of Texas, selected by the Township for such purpose (the "Registrar"), or by wire transfer to, or upon written order of, the registered owner hereof, or by such other customary banking arrangements as may be acceptable to the Paying Agent and the registered owner hereof, at the risk and expense of the registered owner hereof. The initial Registrar and Paying Agent shall be The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

THIS BOND IS ONE OF AN AUTHORIZED ISSUE OF BONDS, aggregating Thirty-Four Million Eight Hundred Thousand Dollars (\$34,800,000), issued for the purpose or purposes of financing firefighting and parks and recreational facilities and equipment, refinancing certain obligations, contracts, agreements, commitments, or undertakings, and paying the costs of issuance, sale and delivery of the Bonds, by authority of an election held within and for the Township on November 3, 2009, and pursuant to the Bond Resolution, all under and in strict conformity with the Constitution and laws of the State of Texas.

THE TRANSFER OF THIS BOND may be accomplished by due execution of the provisions for assignment hereon and is registrable at the principal trust office of the Registrar by the registered owner hereof, in person, or by his duly authorized representative, but only in the manner and subject to the limitations provided in the Bond Resolution, and only upon surrender of this Bond. such registration of transfer, one or more exchange bonds, authorized denominations, for a like aggregate principal amount, be authenticated by the Registrar and registered and delivered to the transferee in exchange therefor. Subject to the limitations set forth in the Bond Resolution, this Bond, with or without others of like form and series, may in like manner be exchanged for one or more registered bonds of other authorized denominations in the same aggregate principal amount. No service charge shall be made for any such transfer or exchange, but the Township and/or the Registrar may impose a charge sufficient to defray any tax or governmental charge in connection therewith.

THE BONDS ISSUED AS TERM BONDS and scheduled to mature on March 1, 20\_\_, are subject to mandatory redemption, prior to such scheduled Maturity Date, and shall be redeemed, by lot or by other customary method, at a price equal to the principal amount thereof plus accrued interest to the Redemption Date, on March 1, in each of the years and in the principal amounts set forth in the following table (subject to reductions of such mandatory redemption

payments attributable to prior optional redemptions of such Term Bonds by the Township, as provided in the Bond Resolution):

	Pr	incipal
<u>Year</u>		Amount_
	\$	
	\$	(Maturity)

THE BONDS ISSUED AS TERM BONDS and scheduled to mature on March 1, 20\_\_, are subject to mandatory redemption, prior to such scheduled Maturity Date, and shall be redeemed, by lot or by other customary method, at a price equal to the principal amount thereof plus accrued interest to the Redemption Date, on March 1, in each of the years and in the principal amounts set forth in the following table (subject to reductions of such mandatory redemption payments attributable to prior optional redemptions of such Term Bonds by the Township, as provided in the Bond Resolution):

	Pri	ncipal	
<u>Year</u>	A	mount	
*******	Ş		
	\$	(Matur	ity)

THE BONDS ISSUED AS TERM BONDS and scheduled to mature on March 1, 20\_\_, are subject to mandatory redemption, prior to such scheduled Maturity Date, and shall be redeemed, by lot or by other customary method, at a price equal to the principal amount thereof plus accrued interest to the Redemption Date, on March 1, in each of the years and in the principal amounts set forth in the following table (subject to reductions of such mandatory redemption payments attributable to prior optional redemptions of such Term Bonds by the Township, as provided in the Bond Resolution):

77		incipal	
<u>Year</u>		Amount_	
	4		
	Ş		
	\$		_(Maturity)

THE BONDS ISSUED AS TERM BONDS and scheduled to mature on March 1, 20\_\_, are subject to mandatory redemption, prior to such scheduled Maturity Date, and shall be redeemed, by lot or by other customary method, at a price equal to the principal amount thereof plus accrued interest to the Redemption Date, on March 1, in each of the years and in the principal amounts set forth in the following table (subject to reductions of such mandatory redemption

payments attributable to prior optional redemptions of such Term Bonds by the Township, as provided in the Bond Resolution):

	Principa	al
<u>Year</u>	Amount	<u>t</u>
	<b>.</b>	
	\$ \$	 (Maturity)

THE TOWNSHIP ALSO RESERVES THE RIGHT, AT ITS OPTION, TO REDEEM the bonds of this issue maturing on or after March 1, 20 in whole from time to time, in part, prior to their scheduled maturities, on March 1, 20 or on any date thereafter, at a price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption. In the event that a serial bond subject to redemption is in a denomination larger than \$5,000, a portion of such serial bond may be redeemed, but only in a principal amount equal to \$5,000, or an integral multiple thereof, and only upon the delivery of one or more exchange serial bonds in aggregate principal amount equal to the unredeemed portion of the serial bond so redeemed in part. If less than all of the entire outstanding principal amount of a term bond is to be redeemed, the Township may determine and notify the Paying Agent of the reductions in the remaining mandatory redemption amount(s) of such term bond to result from such optional redemption.

NOTICE OF THE EXERCISE OF THE RESERVED RIGHT OF OPTIONAL REDEMPTION will be given by mailing same to the Registrar and to the registered owners of the bonds to be redeemed, in whole or in part, at least thirty (30) days prior to the date fixed for redemption. By the date fixed for redemption, due provision will have been made with the Paying Agent for payment of the principal amount of the bonds so called for redemption, plus accrued interest thereon to the date fixed for redemption. When bonds have been called for redemption, in whole or in part, and due provision has been made to redeem same, such bonds, or the portions thereof so called for redemption, shall no longer be regarded as outstanding, except for the purpose of receiving payment from the funds provided for redemption, and the rights of the owners to collect interest which would otherwise accrue after the redemption date on the principal of the bonds or portions thereof so called for redemption will be terminated.

NEITHER THE TOWNSHIP NOR THE REGISTRAR SHALL BE REQUIRED to transfer or exchange any bond on any date which is fifteen (15) calendar days or less prior to any Interest Payment Date, or during any period beginning fifteen (15) calendar days prior to, and ending on the date of, the mailing of any notice of redemption prior to maturity; nor shall the Township or the Registrar be

required to transfer or exchange any bond so selected for redemption, in whole or in part, when such redemption is scheduled to occur within thirty (30) calendar days thereafter.

PRIOR TO DUE PRESENTATION OF THIS BOND FOR REGISTRATION OF TRANSFER, the Township, the Paying Agent and the Registrar may deem and treat the registered owner hereof as the absolute owner of this Bond (whether or not this Bond shall be overdue and notwithstanding any notation of ownership or other writing hereon) for the purpose of receiving payment hereof, or on account hereof, and interest due hereon, and for all other purposes, and neither the Township, the Paying Agent nor the Registrar shall be bound or affected by any notice to the contrary.

THIS BOND, AND THE OTHER BONDS OF THE SERIES OF WHICH IT IS A PART, are payable from the proceeds of a direct, annual ad valorem tax levied without legal limitation as to rate or amount upon all taxable property within the Township. Reference is hereby made to the Bond Resolution for a complete description of: the terms, covenants and provisions pursuant to which this Bond and said series of bonds are secured and made payable; the respective rights thereunder of the registered owners of the bonds and of the Township, the Paying Agent and the Registrar; and the terms upon which the bonds are, and are to be, registered and delivered. By acceptance of this Bond, the owner hereof expressly assents to all of the provisions of the Bond Resolution.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond, and the series of bonds of which it is a part, is duly authorized by law; that all acts, conditions, and things required to exist and to be done precedent to and in the issuance of this Bond and said series of bonds to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner, as required by law; that due provision has been made for the payment of the interest on and the principal of this Bond and the series of bonds of which it is a part by the levy of a direct, annual ad valorem tax upon all taxable property within the Township sufficient for said purposes; and that the issuance of this Bond and said series of bonds does not exceed any constitutional or statutory limitation.

<sup>2</sup>UNLESS AND UNTIL A CERTIFICATE OF REGISTRATION of the Comptroller of Public Accounts of the State of Texas, has been manually executed by such Comptroller (or a duly authorized deputy), as provided by the Bond Resolution, this Bond shall not be entitled to the benefit and security of the Bond Resolution nor be valid or obligatory for any purpose.

IN WITNESS WHEREOF, THE WOODLANDS TOWNSHIP has caused this Bond to be executed by the manual or facsimile signatures of the Chairman and Secretary of its Board of Directors and its official seal to be impressed or placed in facsimile hereon.

THE WOODLANDS TOWNSHIP

ATTEST:	By: Chairman, Board of Directors
Secretary, Board of Directors	- 3
(SEAL)	

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- ( ) H' H' I ( ' H;	() H.	.I.H E:	COMPTROLLER

REGISTER	NO.	
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#### THE STATE OF TEXAS

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

WITNESS MY HAND AND SEAL OF OFFICE at Austin, Texas,

Comptroller of Public Accounts of the State of Texas

#### ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto (print or typewrite name, address and zip code of transferee):

(Social Security or other identifying number):

the within Bond and does hereby irrevocably constitute and appoint

as attorney to transfer said

Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_ The signature of the Registered

Owner appearing on this Assignment is hereby verified as true and genuine and is guaranteed

(Bank, Trust Company, or Brokerage Firm) By:

(Authorized Representative)

Registered Owner

NOTICE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears on the face of the within Bond in every particular.

\*The exchange Bonds shall be printed in the same form with the exceptions, substitutions or alterations set forth in the following notes:

"UNLESS AND UNTIL A CERTIFICATE OF REGISTRATION of the Registrar has been manually executed by an authorized representative of the Registrar, as provided in the Bond Resolution, this Bond shall not be entitled to the benefit and security of the Bond Resolution nor be valid or obligatory for any purpose."

- 3 (a) Delete the Comptroller's registration certificate and substitute the form of Certificate of Registrar set forth in Section 5.02 of the Bond Resolution.
  - (b) The legal opinion of Bond Counsel may be added to the exchange Bonds.

<sup>1</sup> Substitute "R" for "IR".

<sup>2</sup> Delete this paragraph in its entirety and substitute the following paragraph:

## EXHIBIT "B"

[copy to come]