

AGENDA ITEM 45

Consideration and action with respect to "Order Authorizing the Issuance of Williamson County, Texas Unlimited Tax Road and Refunding Bonds, Series 2004; Levying and Ad Valorem Tax in Support of the Bonds; Approving a Paying Agent/Registrar Agreement, an Official Statement, a Bond Purchase Agreement and Escrow Agreement; Calling Certain Obligations for Redemption; and Authorizing Other Matters Relating to the Bonds."

Dan Wegmiller, Senior Vice President of First Southwest Company, and Carol Pumbo, of McCall, Parkhurst & Horton, L.L.P., addressed the Court.

Moved: **Judge Doerfler**

Seconded: **Commissioner Limmer**

Motion: To approve "Order Authorizing the Issuance of Williamson County, Texas Unlimited Tax Road and Refunding Bonds, Series 2004; Levying and Ad Valorem Tax in Support of the Bonds; Approving a Paying Agent/Registrar Agreement, an Official Statement, a Bond Purchase Agreement and Escrow Agreement; Calling Certain Obligations for Redemption; and Authorizing Other Matters Relating to the Bonds."

Vote: 5 – 0

AGENDA ITEM 46

Consideration and action with respect to "Order Authorizing the Issuance of Williamson County, Texas Limited Tax Refunding Bonds, Series 2004a; Levying and Ad Valorem Tax in Support of the Bonds; Approving a Paying Agent/Registrar Agreement, an Official Statement, a Bond Purchase Agreement and Escrow Agreement and an Escrow Agreement; Establishing the Procedures for Selling and Delivering the Bonds and Authorizing Other Matters Relating to the Bonds."

Dan Wegmiller, Senior Vice President of First Southwest Company, and Carol Pumbo, of McCall, Parkhurst & Horton, L.L.P., addressed the Court.

Moved: **Commissioner Boatright**

Seconded: **Commissioner Hays**

Motion: To approve "Order Authorizing the Issuance of Williamson County, Texas Limited Tax Refunding Bonds, Series 2004a; Levying and Ad Valorem Tax in Support of the Bonds; Approving a Paying Agent/Registrar Agreement, an Official Statement, a Bond Purchase Agreement and Escrow Agreement and an Escrow Agreement; Establishing the Procedures for Selling and Delivering the Bonds and Authorizing Other Matters Relating to the Bonds."

Vote: 5 – 0

< Attachment >

**STANDARD
& POOR'S**
PUBLIC FINANCE

Publication date: 16-Mar-2004
Reprinted from RatingsDirect

Williamson County, Texas

Credit Analysts: Horacio Aldrete-Sanchez, Dallas (1) 214-871-1426; Edward R McGlade, New York (1) 212-438-2061

Credit Profile

US\$83.015 mil Unltd Tax Road and Rfdg Bonds, Series 2004 dtd 03/15/2004 due 02/15/2029
AA-
Sale date: 22-MAR-2004

US\$64.075 mil Ltd Tax Rfdg Bonds, Series 2004A dtd 03/15/2004 due 02/15/2020
AA-
Sale date: 22-MAR-2004

AFFIRMED
\$33.200 mil. GO Bonds, Various Series
AA-

\$59.400 mil. Cert(s) of Oblig., Series 2000A dtd 05/01/2000 due 08/15/2002-2020
AAA / AA- (SPUR)

\$22.200 mil. Comb Tax & Rev Certs of Oblig., Series 2000 dtd 01/15/2000 due 08/15/2002-2020
AAA / AA- (SPUR)

\$19.700 mil. GO and Rfdg Bonds, Series 2001A dtd 05/01/2001 due 02/15/2006-2021-2026
AAA / AA- (SPUR)

\$7.000 mil. Ltd Tax GO Bonds, Series 2002A dtd 05/15/2002 due 02/15/2003-2022
AAA / AA- (SPUR)

\$23.925 mil. Ltd Tax Notes, Series 2002B dtd 05/15/2002 due 02/15/2004-2009
AAA / AA- (SPUR)

\$95.000 mil. Unltd Tax Road Bonds, Series 2001 dtd 05/01/2001 due 02/15/2005-2022-2026
AAA / AA- (SPUR)

\$122.785 mil. Unltd Tax Road Bonds, Series 2002 dtd 05/15/2002 due 02/15/2003-2025-2027
AAA / AA- (SPUR)

OUTLOOK:
STABLE

Rationale

Standard & Poor's Ratings Services assigned its 'AA-' rating, and stable outlook, to Williamson County, Texas' series 2004 unlimited-tax road and refunding bonds and series 2004A limited-tax GO refunding bonds.

The rating reflects the county's:

- Sustained economic diversification and expansion,
- Successful management of growth-related pressures, and
- Consistently strong financial management and performance.

Offsetting rating factors include the county's:

- Increasing and high overall net debt levels, and
- Significant future infrastructure needs to meet ongoing growth pressures.

The county's full faith and credit pledge secures the bonds.

Williamson County has experienced explosive population and property tax base growth over the past five years due to its access to Austin, Texas and the expansion of the high-tech sector. The tax base has increased a cumulative 44% since 2000 to slightly less than \$19 billion in fiscal 2004. The county has benefited from the expansion of Dell Computer Corp.; Cypress Semiconductors; and 3M, as well as sustained rapid residential development. More recently, the county has also experienced growth in the retail and manufacturing sectors. County median household income levels exceed state and national averages by 50% and 49%, respectively. Property wealth levels are above average. Market value was \$63,244 per capita in fiscal 2002.

Williamson County's financial performance and position are sound. The county has consistently met, or exceeded, its minimum general fund balance policy of maintaining reserves equal to two months' operating expenditures, or 16%, since fiscal 1993. Fiscal 2002 audited results reflected a \$919,000 operating surplus after transfers, which resulted in a \$10.215 million unreserved general fund balance, or 17.9% of operating expenses. Management expects that audited numbers for 2003 will show a \$3 million operating surplus. The fiscal 2004 adopted budget appropriates \$2 million in general fund reserves; management, however, expects to close the year at a break-even or better position.

Overall net debt is high and increasing at \$4,833 per capita and 7.7% of true value. Debt levels will remain pressured because the county's cities and school districts will continue to issue additional debt to meet the needs of a rapidly growing population. Carrying charges were very high at 24% of fiscal 2002 operating expenses, and management projects charges will increase with this issuance. In November 2000, the electorate authorized the issuance of \$350 million to finance road improvements and \$25 million to fund parks

increase by a maximum of 11 cents per \$100 of AV to service the entire \$350 million authorization. Management expects AV growth to rebound strong, mitigating some of the planned additional debt issuance's effects on the county's overall debt ratios.

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The McGraw-Hill Companies



Moody's Investors Service

Global Credit Research
New Issue
15 MAR 2004

New Issue: Williamson (County of) TX

MOODY'S ASSIGNS Aa2 RATING TO WILLIAMSON COUNTY (TX) SERIES 2004 \$83.015 MILLION ULT ROAD/REFUNDING BONDS AND SERIES 2004A \$64.075 MILLION LT REFUNDING BONDS

Aa2 RATING AFFIRMATION AND STABLE OUTLOOK AFFECT \$447.375 MILLION IN PARITY DEBT, INCLUDING CURRENT ISSUE

County
TX

Moody's Rating

ISSUE RATING

Unlimited Tax Road and Refunding Bonds, Series 2004 Aa2

Sale Amount \$83,015,000

Expected Sale Date 03/18/04

Rating Description General Obligation Unlimited Tax

Limited Tax Refunding Bonds, Series 2004A Aa2

Sale Amount \$64,075,000

Expected Sale Date 03/18/04

Rating Description General Obligation Limited Tax

Moody's Outlook Stable

Opinion

NEW YORK, Mar 15, 2004 -- Moody's Investors Service has assigned a Aa2 rating to Williamson County \$83,015,000 Series 2004 Unlimited Tax Road and Refunding Bonds and \$64,075,000 Series 2004A Limited Tax Refunding Bonds. The unlimited tax (ULT) bond new money proceeds will be used for various road construction and land acquisition. A portion of those Series 2004 bonds will be used to refund a portion of outstanding ULT debt, for an estimated net present savings of \$403,000, or 3.2% of refunded principal. The limited tax refunding bonds are expected to produce an estimated present value savings of \$1.56 million, or 2.6% of refunded principal. In addition, Moody's has affirmed the Aa2 rating and stable outlook on the County's \$300.285 million outstanding general obligation debt. The rating reflects a sizable tax base that recently ended a long period of rapid growth, due to volatility in the local high tech industry; well-managed financial operations with consistently ample reserve levels, and direct debt levels expected to remain manageable despite plans to issue additional debt.

SLOWER TAX BASE GROWTH; HIGH TECH INDUSTRY RECOVERING

Williamson County, until recently one of the fastest growing counties in the United States, has more than tripled its taxable values during the past decade, and the population has increased by nearly 80%. High-tech, manufacturing, agriculture, and education make up the county's diverse economic and employment base, with the majority of the growth occurring in the southwestern part of the county. The rapid growth was driven by an advantageous location as a popular suburban area to Austin (Aa2 general obligation rating) and part of the region's burgeoning high tech center. The global downturn for computer manufacturers and internet service providers had a serious impact on central Texas, and workforce reductions by employers like Dell (A3 senior unsecured rating) led to decreased commercial values and slower residential development. While the average annual increase in taxable value was an impressive 15.5% for the past five years, the \$18.97 billion

Unemployment rate (12/03): 3.8%

Analysts

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Presentation to:



Williamson County, Texas

Final Pricing Summary

\$82,535,000 Unlimited Tax Road and Refunding Bonds, Series 2004

\$62,110,000 Limited Tax Refunding Bonds, Series 2004A

March 22, 2004

First Southwest Company
300 West 6th Street, Suite 1940
Austin, Texas 78701
Phone (512) 481-2000
Fax (512) 481-2010
www.firstsw.com



\$82,535,000 Unlimited Tax Road and Refunding Bonds, Series 2004

Purposes: (1) Utilize \$75 million in voted authorization to fund road projects and (2) refinance portions of the County's existing debt to realize annual debt service savings due to historically-low municipal market interest rates. Summary of refinanced debt:

Issue	Amount Refunded	Maturities Refunded	Call Date	Call Price	Interest Rates
Series 1997 Unlimited Tax	\$ 12,500,000	2008-2016	8/15/2007	par	5.00% - 5.50%

Summary of Series 2004 Results:

Summary Information	FYE 9/30	Old Net D/S	Series 2004 Net D/S	Annual Savings
Par Amount:	\$82,535,000	2004	\$ (46,463)	\$ 2,914
Final TIC:	4.139%	2005	647,075	(210,664)
		2006	647,075	41,613
Credit Enhancement:	MBIA insurance	2007	647,075	41,613
		2008	947,075	800
<u>New Money Portion</u>		2009	2,030,575	970,688
Deposit to Project Fund:	\$74,517,000	2010	1,960,575	294
		2011	1,989,175	1,463
<u>Refunding Portion</u>		2012	2,012,300	2,669
NPV Savings (%):	4.409%	2013	2,029,900	3,863
NPV Savings (\$):	\$551,165	2014	2,041,500	4,569
Total Gross Savings (\$):	\$866,319	2015	1,947,000	4,625
		2016	1,052,500	1,875
			\$ 16,852,863	\$ 15,988,419
				\$ 866,319



\$62,110,000 Limited Tax Refunding Bonds, Series 2004A

Purpose: Refinance portions of the County's existing debt to realize annual debt service savings due to historically-low municipal market interest rates. Summary of refinanced debt:

Issue	Amount Refunded	Maturities Refunded	Call Date	Call Price	Interest Rates
Series 2000 and 2000-A COs	\$ 60,600,000	2011-2020	8/15/2010	par	5.40% - 6.00%

Summary of Series 2004A Results:

Summary Information		FYE 9/30	Old Net D/S	Series 2004A Net D/S	Annual Savings
NPV Savings (%):	6.611%	2004	\$ 1,067,100	\$ 1,060,897	\$ 6,204
NPV Savings (\$):	\$4,006,340	2005	3,614,200	3,139,300	474,900
Total Gross Savings (\$):	\$6,424,379	2006	3,614,200	3,139,300	474,900
		2007	3,614,200	3,139,300	474,900
Par Amount:	\$62,110,000	2008	3,614,200	3,533,300	80,900
Final TIC:	3.702%	2009	3,614,200	3,127,300	486,900
		2010	3,614,200	3,211,025	403,175
Credit Enhancement:	MBIA insurance	2011	7,414,200	7,010,013	404,188
		2012	7,489,200	7,087,794	401,406
		2013	7,446,200	7,042,975	403,225
		2014	7,391,200	6,988,444	402,756
		2015	7,523,600	7,120,375	403,225
		2016	8,431,000	8,028,875	402,125
		2017	9,468,200	9,068,000	400,200
		2018	9,521,000	9,121,375	399,625
		2019	9,444,000	9,040,375	403,625
		2020	9,540,000	9,137,875	402,125
			<u>\$ 106,420,900</u>	<u>\$ 99,996,522</u>	<u>\$ 6,424,379</u>

LAW OFFICES

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MEMORANDUM

TO: The Honorable Judge Doerfler/Jane Tableriou

FROM: C. D. Pumbo

RE: Unlimited Tax Road and Refunding Bonds, Series 2004 and Limited Tax Refunding Bonds, Series 2004A

DATE: March 17, 2004

Below is the proposed agenda language in connection with the above-captioned bonds for the Meeting on Tuesday, March 23, 2004:

*Consideration and action with respect to "Order Authorizing the Issuance of Williamson County, Texas Unlimited Tax Road and Refunding Bonds, Series 2004; Levying an Ad Valorem Tax in Support of the Bonds; Approving a Paying Agent/Registrar Agreement, an Official Statement, a Bond Purchase Agreement and an Escrow Agreement; Calling Certain Obligations for Redemption; and Authorizing Other Matters Relating to the Bonds;" and

*Consideration and action with respect to "Order Authorizing the Issuance of Williamson County, Texas Limited Tax Refunding Bonds, Series 2004a; Levying an Ad Valorem Tax in Support of the Bonds; Approving a Paying Agent/registrar Agreement, an Official Statement, a Bond Purchase Agreement and an Escrow Agreement; Establishing the Procedures for Selling and Delivering the Bonds and Authorizing Other Matters Relating to the Bonds."

Please do not hesitate to contact us if you have any questions. We will be attending the meeting on March 23rd.

cc: Dan Wegmiller

CERTIFICATE FOR ORDER**THE STATE OF TEXAS**

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§

COUNTY OF WILLIAMSON

§

We, the undersigned officials of Williamson County, Texas (the "County"), hereby certify as follows:

1. The Commissioners Court of the County convened in a REGULARLY SCHEDULED MEETING ON THE 23RD DAY OF MARCH, 2004, at the County Courthouse (the "Meeting"), and the roll was called of the duly constituted Commissioners Court of the County, to-wit:

John Doerfler - County Judge
Brad Curlee - County Commissioner, Precinct 1
Greg Boatright - County Commissioner, Precinct 2
David Hays - County Commissioner, Precinct 3
Frankie Limmer - County Commissioner, Precinct 4

and all of the persons were present, except the following absentees: None, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

**ORDER AUTHORIZING THE ISSUANCE OF WILLIAMSON COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2004;
LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS;
APPROVING A PAYING AGENT/REGISTRAR AGREEMENT, AN OFFICIAL
STATEMENT, A BOND PURCHASE AGREEMENT AND AN ESCROW
AGREEMENT; CALLING CERTAIN OBLIGATIONS FOR REDEMPTION AND
AUTHORIZING OTHER MATTERS RELATING TO THE BONDS**

was duly introduced for the consideration of the Commissioners Court. It was then duly moved and seconded that the Order be passed; and, after due discussion, said motion carrying with it the passage of the Order, prevailed and carried by the following vote:

AYES:

5

NOES:

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2. A true, full and correct copy of the Order passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Order has been duly recorded in the Commissioners Court's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Commissioner Court's minutes of the Meeting pertaining to the passage of the Order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting county officials as indicated therein; that each of the elected officials and members of the Commissioners Court was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Order would be introduced and considered for passage at the Meeting, and each of the elected officials and members consented, in advance, to the holding of the Meeting for such purpose, and that the Meeting was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Government Code, as amended.

3. The County Judge of the County has approved and hereby approves the Order; that the County Judge and the County Clerk of the County have duly signed the Order; and that the County Judge and the County Clerk of the County hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of the Order for all purposes.

SIGNED AND SEALED the _____.

Nancy E. Rister
County Clerk

John C. Gaylen
County Judge

[COUNTY SEAL]



**ORDER AUTHORIZING THE ISSUANCE OF WILLIAMSON COUNTY, TEXAS
UNLIMITED TAX ROAD AND REFUNDING BONDS, SERIES 2004;
LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS;
APPROVING A PAYING AGENT/REGISTRAR AGREEMENT, AN OFFICIAL
STATEMENT, A BOND PURCHASE AGREEMENT AND AN ESCROW
AGREEMENT; CALLING CERTAIN OBLIGATIONS FOR REDEMPTION AND
AUTHORIZING OTHER MATTERS RELATING TO THE BONDS**

THE STATE OF TEXAS

§

§

COUNTY OF WILLIAMSON

§

WHEREAS, on August 29, 2000, in accordance with Chapter 1251, Texas Government Code, as amended, the Texas Election Code, as amended, and other general laws, the Commissioners Court of Williamson County, Texas (the "County") adopted an "Order Calling a Bond Election; Making Provision for the Conduct of the Election; and Ordering Other Matters Incident and Related to Such Election" with such election to be held within the County on November 7, 2000 to submit to the voters of the County two different propositions to authorize the bonds hereinafter stated; and

WHEREAS, the voters of the County authorized the Commissioners Court of the County to issue the bonds set forth in Proposition Number 1 which aggregates \$350,000,000 in principal amount for road projects and Proposition Number 2 which aggregates \$25,000,000 in principal amount for park purposes; and

WHEREAS, on May 14, 2001 the County issued \$95,000,000 Williamson County, Texas Unlimited Tax Road Bonds, Series 2001 authorized by Proposition Number 1 for the purpose of construction, acquisition by purchase, maintenance and operation of macadamized, graveled or paved roads, or in aid thereof, within Williamson County; and

WHEREAS, on May 28, 2002 the County issued \$125,000,000 Williamson County, Texas Unlimited Tax Road Bonds, Series 2002 authorized by Proposition 1 for the purpose of construction, acquisition by purchase, maintenance and operation of macadamized, graveled or paved roads, or in aid thereof, within Williamson County and reserved the right to issue the remaining \$130,000,000 authorized but unissued bonds at such time as determined by the Commissioner's Court; and

WHEREAS, the Commissioners Court deems it to be in the best interest of the County to issue \$75,000,000 of the \$130,000,000 bonds authorized by Proposition Number 1 for the purpose of construction, acquisition by purchase, maintenance and operation of macadamized, graveled or paved roads, or in aid thereof, within Williamson County and reserves the right to issue the remaining \$55,000,000 at such time as determined by the Commissioners Court; and

WHEREAS, the County has duly issued and there is now outstanding the following obligations:

Williamson County, Texas Unlimited Tax Road Bonds, Series 1997 currently outstanding in the aggregate principal amount of \$13,800,000 maturing on August 15, in the years 2004 through 2016, both inclusive (the "Series 1997 Bonds"); and

WHEREAS, the County now desires to refund a portion of the Series 1997 Bonds maturing in the years 2008 through 2016, inclusive, in the aggregate principal amount of \$12,500,000 (the "Refunded Obligations"); and

WHEREAS, the Commissioners Court of the County deems it advisable and in the best interest of the County to refund the Refunded Obligations in order to restructure debt service and achieve a gross present value savings and a net present value savings of \$_____ and the County further finds that the aggregate amount of payments under the refunding bonds exceeds the aggregate amount of payments under the Refunded Obligations by \$_____; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the County to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a commercial bank or trust company or a place of payment (paying agent) for the Refunded Obligations, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the County to enter into an escrow agreement with a commercial bank or trust company or a paying agent for the Refunded Obligations with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the County and such paying agent or commercial bank or trust company may agree, provided that such deposits may be invested and reinvested in Defeasance Securities, as defined herein; and

WHEREAS, the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by said Chapter 1207; and

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

WHEREAS, the County deems it appropriate to call for redemption the following Refunded Obligations:

<u>REFUNDED OBLIGATION</u>	<u>REDEMPTION DATE</u>	<u>REDEMPTION PRICE</u>
Series 1997 Bonds maturing on August 15, 2008 through 2016, inclusive	August 15,2007	Par

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this section. The bond or bonds of the County are hereby authorized pursuant to Chapters 1207 and 1471, Texas Government Code and Article III, Section 52 of the Texas Constitution, as amended, to be issued and delivered in the aggregate principal amount of \$ _____, for the purpose of: (i) \$ _____ refunding the Refunded Obligations and paying certain costs of issuance of the Bonds and (ii) \$ _____ funding road projects as set forth in Proposition Number 1 as provided in the preamble to this Order and pay certain costs of issuance of the Bonds.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS. Each bond issued pursuant to this Order shall be designated: "WILLIAMSON COUNTY, TEXAS UNLIMITED TAX AND REFUNDING BOND, SERIES 2004" and initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, dated March 15, 2004, in the respective denominations and principal amounts hereinafter stated, numbered consecutively from R-1 upward (except the initial Bonds submitted to the Attorney General of the State of Texas which will be numbered T-1 upward), payable to the respective initial registered owners thereof (as designated in Section 12 hereof), or to the registered assignee or assignees of the Bonds or any portion or portions thereof (in each case, the "Registered Owner"), and the Bonds shall mature and be payable serially on February 15 in each of the years and in the principal amounts, respectively, as set forth in the following schedule:

<u>YEARS</u>	<u>AMOUNTS</u>	<u>YEARS</u>	<u>AMOUNTS</u>
2006		2018	
2007		2019	
2008		2020	
2009		2021	
2010		2022	
2011		2023	
2012		2024	
2013		2025	
2014		2026	
2015		2027	
2016		2028	
2017		2029	

The term "Bonds" as used in this Order shall mean and include collectively the bonds initially issued and delivered pursuant to this Order and all substitute bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

Section 3. INTEREST. The Bonds scheduled to mature during the years, respectively, set forth below shall bear interest from the dates specified in the FORM OF BOND set forth in this Order to their respective dates of maturity at the following rates per annum:

<u>YEARS</u>	<u>RATES</u>	<u>YEARS</u>	<u>RATES</u>
2006		2018	
2007		2019	
2008		2020	
2009		2021	
2010		2022	
2011		2023	
2012		2024	
2013		2025	
2014		2026	
2015		2027	
2016		2028	
2017		2029	

Interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Order.

Section 4. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange; Authentication. The County shall keep or cause to be kept at JPMorgan Chase Bank, Dallas, Texas (the "Paying Agent/Registrar") books or records for the

registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the County hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the County and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The County shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The County shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Order. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 4(c) of this Order, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional orders or resolutions need be passed or adopted by the Commissioners Court of the County or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Order, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The County hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Order. The Paying Agent/Registrar shall keep proper records of all payments made by the County and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Order. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the past due interest shall be sent at least five (5)

business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may be transferred and assigned, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the County shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Order. The Bonds initially issued and delivered pursuant to this Order are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Order the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The County covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the County will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Order, and that the Paying Agent/Registrar will be one entity. The County reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the County covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the County. Upon any change in the Paying Agent/Registrar, the County promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Order, and a certified copy of this Order shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System. The Bonds issued in exchange for the Bonds initially issued as provided in Section 4(h) shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The

Depository Trust Company of New York ("DTC") and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (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 Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the County and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the County to make payments of principal, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the County determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bond, the County shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books 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 Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Order.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Order 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 interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations of the County to DTC.

(h) Initial Bonds(s). The Bonds herein authorized shall be initially issued as fully registered Bonds, being one Bond in the denomination of the applicable principal amount and the Initial Bond shall be registered in the name of the underwriter or the designees thereof as set forth in Section 12 hereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the underwriter as set forth in Section 12. Immediately after the delivery of the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond delivered hereunder and exchange therefor Bonds in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and except as provided in Section 4(f), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(i) DTC Blanket Letter of Representations. The County confirms execution of a Blanket Issuer Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to the Bonds.

Section 5. FORM OF BOND. The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Order, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Order.

FORM OF BOND

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS WILLIAMSON COUNTY	PRINCIPAL AMOUNT \$ _____
WILLIAMSON COUNTY, TEXAS UNLIMITED TAX ROAD AND REFUNDING BOND SERIES 2004		

<u>INTEREST RATE</u>	<u>DATE OF BOND</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
	March 15, 2004		

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, **WILLIAMSON COUNTY, TEXAS** (the "County"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon from March 15, 2004, on February 15, 2005 and semiannually thereafter on each August 15 and February 15 to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the County and the securities depository.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity, at JPMorgan Chase Bank (the "Paying Agent/Registrar") at their office in Dallas, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the County required by the order authorizing the issuance of this Bond (the "Bond Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the close of business as of the last day of the month preceding each such date (the "Record Date") on the registration books kept by the Paying Agent/Registrar (the

"Registration Books"). In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

DURING ANY PERIOD in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the County and the securities depository.

ANY ACCRUED INTEREST due at maturity as provided herein or upon the redemption of this Bond prior to maturity shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The County covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the county where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated March 15, 2004, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$ _____
FOR THE PURPOSE OF: (i) REFUNDING THE REFUNDED OBLIGATIONS AND PAY CERTAIN COSTS OF ISSUANCE OF THE BONDS AND (ii) ROAD PROJECTS AS SET FORTH IN PROPOSITION NUMBER 1 OF THE NOVEMBER 7, 2000 ELECTION AND PAY CERTAIN COSTS OF ISSUANCE OF THE BONDS.

ON FEBRUARY 15, _____, or on any date thereafter, the Bonds maturing on and after February 15, _____ may be redeemed prior to their scheduled maturities, at the option of the County, with funds derived from any available and lawful source, at a redemption price equal to

the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the County and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000).

THE BONDS MATURING ON FEBRUARY 15, _____ are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date.

Bonds Maturing on February 15, _____

<u>Redemption Date</u>	<u>Principal Amount</u>
*	*

*Final maturity

THE PRINCIPAL AMOUNT of the Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the County by the principal amount of any Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the County at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the County with monies in the Interest and Sinking Fund at a price not exceeding the principal amount of the Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

NO LESS THAN 30 calendar days prior to the date fixed for any such redemption, the County shall cause the Paying Agent/Registrar to send notice by United States mail, first-class postage prepaid to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books of the Paying Agent/Registrar at the close of business on the 45th day prior to the redemption date and to major securities depositories, national bond rating agencies and bond information services; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bonds. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the

redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bonds shall be redeemed a substitute Bonds or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the County, all as provided in the Bond Order.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Order, this Bond, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the County. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing on the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the unredeemed balance of the Bond.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the County, resigns, or otherwise ceases to act as such, the County has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the County, and have been pledged for such payment, without legal limit as to rate or amount.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Order, agrees to be bound by such terms and provisions, acknowledges that the Bond Order is duly recorded and available for inspection in the official minutes and records of the governing body of the County, and agrees that the terms and provisions of this Bond and the Bond Order constitute a contract between each Registered Owner hereof and the County.

IN WITNESS WHEREOF, the County has caused this Bond to be signed with the manual or facsimile signature of the County Judge of the County and countersigned with the manual or facsimile signature of the County Clerk and County Treasurer, and has caused the official seal of the County to be duly impressed, or placed in facsimile, on this Bond.

Nancy E. Rister
County Clerk

John C. Daerfler
County Judge

County Treasurer

[COUNTY SEAL]



FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an

executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

JPMORGAN CHASE BANK
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code, of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

 NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

**FORM OF REGISTRATION CERTIFICATE OF
 THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this _____.

 Comptroller of Public Accounts
 of the State of Texas

[COMPTROLLER'S SEAL]

INSERTIONS FOR THE INITIAL BOND

The initial bond shall be in the form set forth in this Section, except that;

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED BELOW, Williamson County, Texas (the "County"), being a political subdivision, hereby promises to pay to the Registered Owner specified

above, or registered assigns (hereinafter called the "Registered Owner"), on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
(information from Sections 2 and 3 to be inserted)		

The County promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from March 15, 2004 at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2005 and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The initial Bond shall be number "T-1"

Section 6. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the County at an official depository bank of the County. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the County, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds or interest thereon are outstanding and unpaid, the Commissioners Court of the County shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year); and the tax shall be based on the latest approved tax rolls of the County, with full allowance being made for tax delinquencies and the cost of tax collection. The rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the County for each year while any of the Bonds or interest thereon are outstanding and unpaid; and the tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment. Accrued interest and any premium on the Bonds shall be

deposited in the Interest and Sinking Fund. Any such premium shall be used to only pay principal of the Bonds.

Section 7. ESTABLISHMENT OF PROJECT FUND AND ESCROW FUND. (a) Project Fund. The Series 2004 Project Fund is hereby created and shall be established and maintained by the County at an official depository bank of the County. Proceeds from the sale of the Bonds, excluding the premium and accrued interest, shall be deposited in the Project Fund.

(b) Investment of Funds. The County hereby covenants that the proceeds of the sale of the Bonds will be used as soon as practicable for the purposes for which the Bonds are issued. Obligations purchased as an investment of money in any fund shall be deemed to be a part of such fund. Any money in any fund created by this Order may be invested as permitted by the Public Funds Investment Act, as amended.

(c) Security for Funds. All funds created by this Order shall be secured in the manner and to the fullest extent required by law for the security of funds of the County.

(d) Maintenance of Funds. Any funds created pursuant to this Order, other than the Escrow Fund, may be created as separate funds or accounts or as subaccounts of the County's General Fund held by the County's depository, and, as such, not held in separate bank accounts, such treatment shall not constitute a commingling of the monies in such funds or of such funds and the County shall keep full and complete records indicating the monies and investments credited to each such fund.

(e) Escrow Fund. A portion of the proceeds of the Bonds, together with any cash contribution, in an amount necessary to refund the Refunded Obligations shall be deposited in the Escrow Fund created and governed by the terms of the Escrow Agreement dated March 15, 2004 attached hereto as "A."

(f) Interest Earnings. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with the Bond proceeds for the purpose for which the Bonds are issued as set forth in Section 1 hereof or to pay principal or interest payments on the Bonds; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(g) Perfection. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the County under this Section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the County under this Section is to be subject to the filing requirements of Chapter 9, Business and Commerce Code,

then in order to preserve to the Owners of the Bonds the perfection of the security interest in said pledge, the County agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 8. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or a commercial bank or trust company for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the County with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company as provided in this Section may at the discretion of the Commissioners Court also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or a commercial bank or trust company pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the Commissioners Court.

(c) Notwithstanding any provision of any other Section of this Order which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the County shall make proper arrangements to provide and pay for such services as required by this Order.

(d) Notwithstanding anything elsewhere in this Order, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or a commercial bank or trust company pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the County retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the Order authorizing its issuance, the County may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

As used in this section, Defeasance Securities means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Commissioners Court adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Commissioners Court adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent. "Federal Securities" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

Section 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) **Replacement Bonds.** In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) **Application for Replacement Bonds.** Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the Registered Owner applying for a replacement bond shall furnish to the County and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the Registered Owner shall furnish to the County and to the Paying

Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the County may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Registered Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the County whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Order equally and proportionately with any and all other Bonds duly issued under this Order.

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter D of Texas Government Code, Chapter 1201, this Section 9 shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the County or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Order for Bonds issued in conversion and exchange for other Bonds.

Section 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The County Judge is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the 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 attached to such Bonds, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the County's Bond Counsel and the assigned CUSIP numbers may, at the option of the County, be printed on the Bonds issued and delivered under this Order, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. In addition, if bond insurance or other credit enhancement is obtained, the Bonds may bear an appropriate legend.

Section 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) Covenants. The County covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the County covenants as follows:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

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

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

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

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

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the County for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

(d) Allocation Of, and Limitation On, Expenditures for the Project. The County covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Order (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The County recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the County recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The County agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the County shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

Section 12. SALE OF BONDS. The Bonds are hereby sold and shall be delivered to JPMorgan as the senior managing underwriter and the other underwriters set forth in the Bond Purchase Agreement (the "Underwriter"), at the price and pursuant to the terms and provisions of the Bond Purchase Agreement in substantially the form attached hereto as Exhibit "B" which the County Judge is hereby authorized to execute and deliver. The County will initially deliver to the Underwriter the Initial Bond authorized under this Order.

Section 13. REMEDIES IN EVENT OF DEFAULT. In addition to all of the rights and remedies provided by the laws of the State of Texas, the County covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds when due, or defaults in the observance or performance of any other of the contracts, covenants, conditions or obligations set forth in this Order or in the Bonds, the following remedies shall be available:

- (a) the Registered Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the County and officials thereof to observe and perform the contracts, covenants, obligations or conditions prescribed in this Order; and

- (b) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor 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 14. APPROVAL OF OFFICIAL STATEMENT. The County hereby approves the form and content of the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Bonds by the Initial Purchaser in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement dated March 9, 2004 prior to the date hereof is confirmed, approved and ratified. The Commissioners Court hereby finds and determines that the Preliminary Official Statement and final Official Statement were "deemed final" (as that term is defined in 17 CFR Section 240.15c(2)-12) as of their respective dates.

Section 15. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS. The County Judge of the County is hereby authorized and directed to execute and deliver and the County Clerk of the County is hereby authorized and directed to attest an Escrow Agreement in substantially the form attached hereto as Exhibit "A". In addition, the County Judge, County Treasurer and County Auditor are each hereby authorized to execute such subscriptions or other documentation for the purchase of United States Treasury Securities, and to authorize the transfer of such funds of the County, as may be necessary for the Escrow Fund.

Section 16. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT AND BLANKET ISSUER LETTER OF REPRESENTATIONS. Attached hereto as Exhibit "C" is a substantially final form of Paying Agent/Registrar Agreement. The County Judge is hereby authorized to amend, complete or modify such agreement as necessary and are further authorized to execute such agreement and the County Clerk is hereby authorized to attest such agreement. The Commissioners Court previously approved and delivered to DTC a "Blanket Issuer Letter of Representations" with respect to utilizing DTC's book-entry-only system.

Section 17. NOTICE OF REDEMPTION. Attached to this Order, as Exhibit "D", and made a part hereof for all purposes, are copies of notices of deposit and prior redemption for the Refunded Obligations in substantially final form and such Refunded Obligations described in said notices of prior redemption are hereby called for redemption and shall be redeemed prior to maturity on the dates, places, and at the prices set forth therein. The County Judge, County Treasurer and County Auditor are each hereby authorized to amend, complete or modify such notices as necessary to call such Refunded Obligations for redemption.

Section 18. NOTICE TO PAYING AGENT. The Refunded Obligations described in Exhibit "D" attached hereto are so called for redemption, and the respective paying agents for the Refunded Obligations are hereby directed to make appropriate arrangements so that such

Refunded Bonds may be redeemed on the respective redemption dates. A copy of such notice of redemption shall be delivered to the respective paying agents so mentioned in the notices.

Section 19. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. The County shall provide annually to each NRMSIR and any SID, within six months after the end of each fiscal year, financial information and operating data with respect to the County of the general type included in the final Official Statement authorized by Section 14 of this Order, being the information described in Exhibit "E" hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "E" hereto, or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the County shall provide unaudited financial statements by the required time, and will provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID, when and if the audit report on such statements become available.

If the County changes its fiscal year, it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

(b) Material Event Notices. The County shall notify any SID and either each NRMSIR or the MSRB, 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 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;
- G. Modifications to rights of holders of the Bonds;

- H. Bond calls;
 - I. Defeasances;
 - J. Release, substitution, or sale of property securing repayment of the Bonds;
- and
- K. Rating changes.

The County shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 19(a) of this Order by the time required by such Section.

(c) Limitations, Disclaimers, and Amendments. The County shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the County remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the County in any event will give notice of any deposit made in accordance with Section 8 that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The County undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the County's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

No default by the County in observing or performing its obligations under this Section shall comprise a breach of or default under the Order for purposes of any other provision of this Order.

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

The provisions of this Section may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the County so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Section 19(a) an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(d) **Definitions.** As used in this Section, the following terms have the meanings ascribed to such terms below:

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*NRMSIR*" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

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

"*SEC*" means the United States Securities and Exchange Commission.

"*SID*" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

Section 20. AMENDMENT OF ORDER. The County hereby reserves the right to amend this Order subject to the following terms and conditions, to-wit:

(a) The County may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Order in order to (i) cure any ambiguity, defect or omission in this Order that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of

default as shall not be inconsistent with the provisions of this Order and that shall not materially adversely affect the interests of the holders, (iv) qualify this Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Order as shall not be inconsistent with the provisions of this Order and that shall not in the opinion of the County's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the County; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Order or in any of the Bonds so as to:

- (1) Make any change in the maturity of any of the outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Bonds;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;
- (4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the County shall desire to amend this Order under this Section, the County shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The County of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the County for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of publication of such notice the County shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the County may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Order pursuant to the provisions of this Section, this Order shall be deemed to be modified and amended in accordance with such amendatory Order, and the respective rights, duties, and obligations of the County and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the County, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

Section 21. NO RECOURSE AGAINST COUNTY OFFICIALS. No recourse shall be had for the payment of principal of or interest on the Bonds or for any claim based thereon or on this Order against any official of the County or any person executing any Bonds.

Section 22. FURTHER ACTIONS. The officers and employees of the County are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the County all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Bonds, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Bond Purchase Agreement and the Official Statement. In addition, prior to the initial delivery of the Bonds, the County Judge, the County Clerk, the County Treasurer, the Financial Advisor, the County Attorney, and Bond Counsel are hereby authorized and directed to approve any changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement or (ii) obtain bond insurance or the approval of the Bonds by the Texas Attorney General's office.

In case any officer of the County whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 23. INTERPRETATIONS. All terms defined herein and all pronouns used in this Order shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Order 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 Order and all the terms and provisions hereof shall be

liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge to secure the payment of the Bonds.

Section 24. INCONSISTENT PROVISIONS. All orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provisions of this Order are hereby repealed to the extent of such conflict and the provisions of this Order shall be and remain controlling as to the matters contained herein.

Section 25. INTERESTED PARTIES. Nothing in this Order expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the County and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Order or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Order contained by and on behalf of the County shall be for the sole and exclusive benefit of the County and the registered owners of the Bonds.

Section 26. SEVERABILITY. The provisions of this Order are severable; and in case any one or more of the provisions of this Order or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Order nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Section 27. REPEALER. All orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

EXHIBIT A

ESCROW AGREEMENT

EXHIBIT B

BOND PURCHASE AGREEMENT

EXHIBIT C

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT D

NOTICE OF REDEMPTION

WILLIAMSON COUNTY, TEXAS
UNLIMITED TAX ROAD BONDS,
SERIES 1997

NOTICE IS HEREBY GIVEN that Williamson County, Texas ("County") has called for redemption the following obligations of the County (the "Bonds"):

<u>Maturity</u> <u>August 15</u>	<u>Redemption</u> <u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Numbers</u>
2008	August 15, 2007	\$ 300,000	5.500%	969887 CL 0
2009	August 15, 2007	1,400,000	5.000	969887 CM 8
2010	August 15, 2007	1,400,000	5.100	969887 CN 6
2011	August 15, 2007	1,500,000	5.125	969887 CP 1
2012	August 15, 2007	1,600,000	5.150	969887 CQ 9
2013	August 15, 2007	1,700,000	5.200	969887 CR 7
2014	August 15, 2007	1,800,000	5.250	969887 CS 5
2015	August 15, 2007	1,800,000	5.250	969887 CT 3
2016	August 15, 2007	1,000,000	5.250	969887 CU 0

The redemption price for the above Bonds is par plus accrued interest to August 15, 2007, the date fixed for redemption. Such Bonds shall be redeemed and shall no longer bear interest after August 15, 2007. The redemption price for such Bonds shall be paid upon presentation to JPMorgan Chase Bank, the Paying Agent, at its principal payment office in Austin, Texas.

First Class/Registered/Certified Mail

JP Morgan Chase Bank
Institutional Trust Services
P.O. Box 2320
Dallas, Texas 75221-2320

By Overnight or Courier

JPMorgan Chase Bank
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand

JPMorgan Chase Bank
Room 234-North Building
ITS Window
55 Water Street
New York, NY 10041

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold 20% (31% for taxable years beginning in and after 1993) of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The County shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein.

WILLIAMSON COUNTY, TEXAS

EXHIBIT E**DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 19 of this Order.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the County to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

- | | | | |
|------|------------|---|---|
| (1) | Appendix B | - | Excerpts from Annual Financial Report; |
| (2) | Table 1 - | | Valuation, Exemptions and General Obligation Debt; |
| (3) | Table 2 - | | Taxable Assessed Valuations by Category; |
| (4) | Table 3 - | | Valuation and General Obligation Debt History; |
| (5) | Table 4 - | | Tax Rate, Levy and Collection History; |
| (6) | Table 5 - | | Ten Largest Taxpayers; |
| (7) | Table 8 - | | Pro-Forma General Obligation Debt Service Requirements; |
| (8) | Table 10 - | | Authorized But Unissued General Obligation Bonds; |
| (9) | Table 11 - | | General Fund Revenues and Expenditure History; and |
| (10) | Table 12 - | | Current Investments. |

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.

WILLIAMSON COUNTY, TEXAS
(A political subdivision of the State of Texas)

\$ _____
Unlimited Tax Road and Refunding Bonds
Series 2004

BOND PURCHASE AGREEMENT

March 23, 2004

Honorable County Judge
and Commissioners Court
Williamson County Courthouse
710 Main Street, Suite 303
Georgetown, Texas 78626

Gentlemen:

The undersigned J.P. Morgan Securities Inc. (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (collectively, the "*Underwriters*"), and not acting as fiduciary or agent for you, offers to enter into the following agreement (this "*Agreement*") with the Commissioners Court of Williamson County, Texas (the "*Court*"), acting on behalf of Williamson County, Texas (the "*Issuer*"), which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Georgetown, Texas time, on March 23, 2004, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Orders (as defined herein) or in the Official Statement (as defined herein).

1. **Purchase and Sale of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's \$ _____ Unlimited Tax Road and Refunding Bonds, Series 2004 (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as fiduciaries of the Issuer, but rather are acting solely in their capacity as underwriters for their own accounts. The Representative has been duly authorized to execute this Agreement and to act hereunder.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule II hereto. The

which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended (the "*Rule*"), and (iii) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof. Such final Official Statement, including the cover page thereto, all exhibits, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "*Official Statement*." Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities of the Preliminary Official Statement as the Underwriters deem necessary to satisfy the obligation of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) The Preliminary Official Statement has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriters. The Issuer hereby represents and warrants that the Preliminary Official Statement has been deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters, as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven (7) business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in sufficient quantity as the Representative shall request for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request),

and if, in the opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either an amendment or a supplement to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriters hereby agree to file the Official Statement with a nationally recognized municipal securities information repository. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule will be the date of the Closing.

4. **Representations, Warranties, and Covenants of the Issuer.** The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a body corporate and politic, and a political subdivision of the State of Texas (the "State"), duly created, organized and existing under the Constitution and laws of the State, including particularly Article IX of the Constitution of the State and Chapter 1207 and 1471, Texas Government Code, as amended, and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority (i) to enter into, execute and deliver this Agreement, the Orders, the Continuing Disclosure Undertaking (as defined in Section 6(j)(3) hereof), the escrow agreement described in the Orders (the "Escrow Agreement") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Orders, the Continuing Disclosure Undertaking, the Escrow Agreement and all other documents referred to in this clause (i) are hereinafter referred to as the "Issuer Documents"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with applicable State law and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Orders and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents, and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of an order adopted by the Court on March 23, 2004 (the "*Order*").

The purchase price for the Bonds shall be \$_____ (representing the par amount of the Bonds, less a net original issue discount of \$_____ and less an underwriters' discount of \$_____), plus accrued interest on the Bonds calculated on the basis of a 360-day year of twelve 30-day months from the dated date of the Bonds to the date of the Closing (as hereinafter defined).

Delivered to the Issuer herewith is the Representative's good-faith corporate check payable to the order of the Issuer in the amount of \$830,000.00 (the "*Check*"). In the event the Issuer does not accept this offer, the Check shall be promptly returned to the Representative. Upon the Issuer's acceptance and countersignature of this offer, the Check (i) shall not be cashed or negotiated but shall be held and retained in safekeeping by the Issuer as security for the performance by the Underwriters of their obligation, subject to the terms and conditions herein set forth, to purchase and accept delivery of the Bonds at the Closing, and (ii) shall be applied and disposed of by the Issuer solely as provided in this Agreement. In the event of the Underwriters' compliance with such obligation to purchase and accept delivery of the Bonds at the Closing, the Check shall be returned to the Representative at the Closing. In the event of the failure by the Issuer to deliver the Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions to the obligation of the Underwriters contained in this Agreement, or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, the Check shall be returned promptly to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase and accept delivery of the Bonds at the Closing, the Issuer shall become entitled to cash or negotiate the Check, and the proceeds thereof shall be retained by the Issuer as and for fully liquidated damages for such failure and for any and all defaults on the part of the Underwriters, and except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

2. **Public Offering.** The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices set forth inside the front cover of the Official Statement (on page 2 thereof) and may subsequently change such offering prices without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated inside the front cover of the Official Statement (on page 2 thereof).

3. **Official Statement.**

(a) The Issuer previously has delivered copies of the Preliminary Official Statement dated March 9, 2004 (the "*Preliminary Official Statement*") to the Underwriters. The Issuer will prepare a final Official Statement relating to the Bonds,

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Orders and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Orders and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Orders will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien they purport to create as set forth in the Orders;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Orders and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Orders;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained or will be obtained prior to the Closing, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Orders conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS," the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCING," and the Continuing Disclosure Undertakings conform to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Orders or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Orders or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Orders and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consent to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position, results of operations and condition of the Issuer as of the dates and for the periods therein set forth, and there has been no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money (except for the Issuer's Unlimited Tax Road and Refunding Bonds, Series 2004 issued concurrently with the Bonds) or incur any material liabilities, direct or contingent, payable from or secured by any of the taxes, revenues or assets which will secure the Bonds without the prior approval of the Representative;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein; and

(p) The Issuer covenants that between the date hereof and the date of the Closing it will take no action which will cause the representations and warranties made in this Section to be untrue as of the Closing.

By delivering the Official Statement to the Representative, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

5. **Closing.**

(a) At or before 10:00 a.m. Austin, Texas time, on April 13, 2004, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters duly executed and authenticated, together

with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement in immediately available funds by wire transfer to the account of the Issuer as specified by JPMorgan Chase Bank (the "Registrar"). Payment for the Bonds as aforesaid shall be made at the offices of the Registrar or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through The Depository Trust Company, New York, New York ("DTC"). The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Orders, and shall be made available to the Representative at least one business day before the date of the Closing for purposes of inspection.

6. **Closing Conditions.** The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligation under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Orders and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Orders shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Registrar shall have duly authenticated the definitive Bonds;

(f) At or prior to the Closing, the municipal bond insurance policies insuring payment of the principal of and interest on the Bonds shall have been duly executed, issued and delivered by _____ (“_____”);

(g) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Representative is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

(j) At or prior to the Closing, the Representative shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative;

(2) The Orders, certified as having been duly adopted by the Issuer and being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative;

(3) The continuing disclosure undertakings of the Issuer which satisfies the requirements of Section (b)(5)(i) of the Rule (the “*Continuing Disclosure Undertaking*”);

(4) The Escrow Agreement having been duly executed on behalf of the Issuer by the County Judge and the County Clerk and JPMorgan Chase Bank, Dallas, Texas (the “*Escrow Agent*”);

(5) The approving opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas (“*Bond Counsel*”), with respect to the Bonds in substantially the forms attached to the Official Statement;

(6) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriters, substantially to the effect that:

(A) the Orders have been duly adopted and are in full force and effect;

(B) the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "*1933 Act*"), and it is not necessary in connection with the offering and sale of the Bonds to the public to register any securities under the 1933 Act or to qualify the Orders under the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"); and

(C) the statements and information contained in the Official Statement under the captions "PLAN OF FINANCING" (except for the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (except for the subcaption "Book-Entry-Only System"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance With Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER INFORMATION - Legal Opinions" fairly and accurately summarize the matters purported to be summarized therein and are correct as to matters of law;

(7) An opinion, dated the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, to the effect that:

(A) the Bonds are exempt securities that do not require registration under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds to register any securities under the 1933 Act and the Orders need not be qualified under the Trust Indenture Act; and

(B) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system and the information regarding the municipal bond insurance policies, if any, in each case as to which no view need be expressed);

(8) A certificate, dated the date of the Closing, of an appropriate official of the Issuer to the effect that (i) all official action of the Issuer relating to the Bonds, the Issuer Documents and the Official Statement have been duly adopted by the Issuer, are in full force and effect, and have not been amended, modified, supplemented or repealed; (ii) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (iii) no litigation or proceeding against the Issuer is pending or, to his or her knowledge, threatened in any court or administrative body, nor is there a basis for litigation, which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting taxes or revenues, including payments on the Bonds, pursuant to the Orders, and other income or the levy or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iv) to the best of his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the date of the Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2002, the latest date as of which audited financial information is available;

(9) A certificate of the Issuer signed by an appropriate official of the Issuer, in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(10) The approving opinions of the Attorney General of the State in respect of the Bonds;

(11) The registration certificates of the Comptroller of Public Accounts of the State in respect of the Bonds and any other certificates and opinions required by the Orders for the issuance thereunder of the Bonds;

(12) Evidence of ratings assigned to the Bonds of "_____" by Moody's Investors Service, Inc. and "_____" by Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc.;

(13) Copies of the municipal bond insurance policies issued by _____ insuring the payment of the principal of and interest on the Bonds when due, together with an opinion of counsel to _____, in form and substance satisfactory to the Representative;

(14) A certificate of _____ with respect to the accuracy of statements contained in the Official Statement regarding the municipal bond insurance policies and _____ and the due authorization, execution, issuance and delivery of the municipal bond insurance policies;

(15) A copy of a special report prepared by Grant Thornton LLP, independent certified public accountants (the "*Verification Agent*"), relating to the Refunded Obligations, addressed to the Issuer, Bond Counsel and the Underwriters, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the escrowed securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the Refunded Obligations, and (ii) the computation of the yield with respect to such securities and the Bonds;

(16) Evidence satisfactory to the Representative that the moneys and escrowed securities identified in the special report of the Verification Agent sufficient to effectuate the refunding of the Refunded Obligations have been received and that such moneys and escrowed securities have been deposited in escrow funds under the Escrow Agreements; and

(17) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel, the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this

Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the Check) and 4 and 8 hereof shall continue in full force and effect.

7. **Termination.** The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the date of the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Representative, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on bonds or obligations of the general character of the Bonds or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein, or any other action or events shall have occurred which, in the judgment of the Representative, materially adversely affect the market for the Bonds or the market price generally of bonds or obligations of the general character of the Bonds;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Orders are not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital of, the Underwriters;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other federal or state authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the assessments or the levies of taxes to pay principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Representative, would materially or adversely affect the ability of the Underwriters to market the Bonds;

(j) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred any downgrading, or any notice shall have been given of (A) any intended or potential downgrading or (B) any review or possible change that does not indicate the direction of a possible change, in the rating accorded any of the Issuer's obligations (including the rating to be accorded the Bonds);

(l) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission;

(m) the debt ceiling of the United States is such that the escrowed securities required to fund the Escrow Agreements are not available for delivery on the date of the delivery of the Bonds; and

(n) the United States Treasury Department's proposed revisions to "Circular 230" are finalized or otherwise become effective on terms which (i) result in the opinion of bond counsel differing from the form attached to the Official Statement as Appendix C and (ii) have a material adverse effect on the market price or marketability of the Bonds.

8. **Expenses.**

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the cost of preparation and printing of the Bonds, (ii) the fees and disbursements of Bond Counsel and the Issuer's Financial Advisor; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees, if any, for bond ratings and bond insurance; (v) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Registrar; (vii) advertising expenses (except any advertising expenses of the Underwriters as set forth below); (viii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers of the Issuer; (ix) the Attorney General review fee; and (x) any other expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement and the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to Williamson County Commissioners Court, Williamson County Courthouse, 710 Main Street, Suite 303, Georgetown, Texas 78626, Attention: Judge John C. Doerfler; and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to J. P. Morgan Securities Inc., 700 Lavaca, 2nd Floor, Austin, Texas 78701, Attention: Don Henderson.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have

any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the law of the State.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Agreement, "*business day*" means any day on which the New York Stock Exchange is open for trading.

15. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[Signature page follows.]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

J.P. MORGAN SECURITIES INC., as
Representative of the Underwriters

By: _____
Name: _____
Title: _____

APPROVED AND ACCEPTED as of the date hereof.

COMMISSIONERS COURT OF
WILLIAMSON COUNTY, TEXAS, acting
on behalf of Williamson County, Texas

By: John C. Doerfler
Name: John C. Doerfler
Title: County Judge

Schedule I – List of Underwriters

J.P. Morgan Securities Inc.
Morgan Stanley
RBC Dain Rauscher Inc.

Schedule II - Schedule of Terms

\$ _____
Unlimited Tax Road and Refunding Bonds, Series 2004

Interest Accrues From: March 15, 2004

<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Price/Yield</u> ^(a)
2006	\$		
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014	(b)		
2015	(b)		
2016	(b)		
2017	(b)		
2018	(b)		
2019	(b)		
2020	(b)		
2021	(b)		
2022	(b)		
2023	(b)		
2024	(b)		
2025	(b)		
2026	(b)		
2027	(b)		
2028	(b)		

- (a) The initial reoffering prices or yields of the Series 2004 Bonds are furnished by the Underwriters and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at any time.
- (b) The Issuer reserves the right, at its option, to redeem Series 2004 Bonds having stated maturities on and after February 15, _____ in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, _____, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

CERTIFICATE FOR ORDER**THE STATE OF TEXAS**

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COUNTY OF WILLIAMSON

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We, the undersigned officials of Williamson County, Texas (the "County"), hereby certify as follows:

1. The Commissioners Court of the County convened in a REGULARLY SCHEDULED MEETING ON THE 23RD DAY OF MARCH, 2004, at the County Courthouse (the "Meeting"), and the roll was called of the duly constituted Commissioners Court of the County, to-wit:

John Doerfler - County Judge
Brad Curlee - County Commissioner, Precinct 1
Greg Boatright - County Commissioner, Precinct 2
David Hays - County Commissioner, Precinct 3
Frankie Limmer - County Commissioner, Precinct 4

and all of the persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

**ORDER AUTHORIZING THE ISSUANCE OF WILLIAMSON COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS, SERIES 2004A;
LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS;
APPROVING A PAYING AGENT/REGISTRAR AGREEMENT, AN OFFICIAL
STATEMENT, A BOND PURCHASE AGREEMENT AND AN ESCROW
AGREEMENT; ESTABLISHING THE PROCEDURES FOR SELLING AND
DELIVERING THE BONDS AND AUTHORIZING OTHER MATTERS RELATING TO
THE BONDS**

was duly introduced for the consideration of the Commissioners Court. It was then duly moved and seconded that the Order be passed; and, after due discussion, said motion carrying with it the passage of the Order, prevailed and carried by the following vote:

AYES: 5

NOES: 0

2. A true, full and correct copy of the Order passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Order has been duly recorded in the Commissioners Court's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Commissioner Court's minutes of the Meeting pertaining to the passage of the Order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting county officials as indicated therein; that each of the elected officials and members of the Commissioners Court was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Order would be introduced and considered for passage at the Meeting, and each of the elected officials and members consented, in advance, to the holding of the Meeting for such purpose, and that the Meeting was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, Government Code, as amended.

3. The County Judge of the County has approved and hereby approves the Order; that the County Judge and the County Clerk of the County have duly signed the Order; and that the County Judge and the County Clerk of the County hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of the Order for all purposes.

SIGNED AND SEALED the _____

Nancy E. Renter
County Clerk

John C. Dwyer
County Judge

[COUNTY SEAL]



**ORDER AUTHORIZING THE ISSUANCE OF WILLIAMSON COUNTY, TEXAS
LIMITED TAX REFUNDING BONDS, SERIES 2004A;
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STATEMENT, A BOND PURCHASE AGREEMENT AND AN ESCROW
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DELIVERING THE BONDS AND AUTHORIZING OTHER MATTERS RELATING TO
THE BONDS**

THE STATE OF TEXAS

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COUNTY OF WILLIAMSON

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WHEREAS, the County has duly issued and there is now outstanding the following obligations:

Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2000 dated January 15, 2000 currently outstanding in the aggregate principal amount of \$21,800,000 maturing on August 15 of the years 2004 through 2020, both inclusive (the "Series 2000 Certificates of Obligation"); and

Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2000A dated May 1, 2000 currently outstanding in the aggregate principal amount of \$58,800,000 maturing on August 15 of the years 2004 through 2020, both inclusive (the "Series 2000A Certificates of Obligation"); and

WHEREAS, the County now desires to issue refunding bonds to refund all or a portion of the outstanding Series 2000 Certificates of Obligation and the Series 2000A Certificates of Obligation that are subject to redemption (collectively, the "Refundable Obligations," and those Refundable Obligations designated by the Pricing Officer in the Pricing Certificate, each as defined herein, to be refunded are herein referred to as the "Refunded Obligations"); and

WHEREAS, the Commissioners Court of the County deems it advisable and in the best interest of the County to refund the Refunded Obligations in order to restructure debt service and achieve a net present value debt service savings of not less than 2.50% of the principal amount of the Refunded Obligations net of any County contribution with such savings, among other information and terms to be included in a pricing certificate to be executed by the County Auditor, acting as the designated pricing officer of the County, or, in the absence of the County Auditor, the County Judge, acting as the designated pricing officer of the County, all in accordance with the provisions of Chapter 1207, including 1207.007 thereof; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the County to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Obligations or a commercial bank or trust company, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the County to enter into an escrow agreement with a paying agent for the Refunded Obligations with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the County and such paying agent may agree, provided that such deposits may be invested and reinvested in Defeasance Securities, as defined herein; and

WHEREAS, the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by said Chapter 1207; and

WHEREAS, all the Refundable Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized: and

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this section. The bond or bonds of the County are hereby authorized pursuant to Chapter 1207, Texas Government Code to be issued and delivered in the maximum aggregate principal amount not to exceed \$70,000,000, for the purpose of: (i) refunding the Refunded Obligations and (ii) paying costs of issuance of the Bonds.

SECTION 2. DEFINITIONS. When used in this Order, except in Section 5, and in any resolution or order amendatory or supplemental hereto, the terms listed below shall have the meanings specified below, unless it is otherwise expressly provided or unless the context otherwise requires:

"Accreted Value" means, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the Pricing Certificate and the Accretion Table attached as an exhibit to the Pricing Certificate relating to the Bonds that shows the Accreted Value per \$5,000 maturity amount on the calculation date of maturity to its maturity.

"Accretion Table" means the exhibit attached to the Pricing Certificate that sets forth the rounded original principal amounts at the Issuance Date for the Premium Compound Interest Bonds

and the Accreted Values and maturity amounts thereof as of each Compounding Date until final maturity.

"Authorized Denominations" means the denomination of \$5,000 or any integral multiple thereof with respect to the Current Interest Bonds and in the denomination of \$5,000 in maturity amount or any integral multiple thereof with respect to the Premium Compound Interest Bonds.

"Bonds" means and includes collectively the Premium Compound Interest Bonds and Current Interest Bonds initially issued and delivered pursuant to this Bond Order and the Pricing Certificate and all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

"Bond Order" or "Order" means this Order of the Commissioners Court authorizing the issuance of the Bonds.

"Business Day" means any day which is not a Saturday, Sunday or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"Commissioners Court" means the governing body of the County.

"Compounded Amount" means, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof plus all interest accrued and compounded to the particular date of calculation.

"Compounding Dates" means the dates on which interest is compounded on the Premium Compound Interest Bonds as set forth in the Accretion Table attached to the Pricing Certificate.

"County" means Williamson County, Texas and any other public agency succeeding to the powers, rights, privileges, and functions of the County and, when appropriate, the Commissioners Court of the County.

"Current Interest Bonds" means the Bonds paying current interest and maturing in each of the years and in the aggregate principal amounts set forth in the Pricing Certificate.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Commissioners Court adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Commissioners Court adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise

provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent.

"Escrow Agent" means JPMorgan Chase Bank or any successor escrow agent under the Escrow Agreement.

"Escrow Agreement" means the agreement by and between the County and the Escrow Agent relating to the defeasance of the Refunded Bonds.

"Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"Fiscal Year" means the twelve-month accounting period for the County, which presently is the twelve-month period beginning on October 1 of each year and ending on September 30 of the following year, but which may be changed from time to time by the Commissioners Court.

"Initial Bond" means the Bond authorized, issued, and initially delivered as provided in Section 3 of this Bond Order.

"Interest Payment Date" means a date on which interest on the Current Interest Bonds is due and payable as set forth in the Pricing Certificate.

"Issuance Date" means the date of delivery of the Bonds.

"MSRB" means the Municipal Securities Rulemaking Board.

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

"Outstanding" when used with reference to Bonds, means, as of a particular date, all Bonds theretofore and thereupon delivered except; (a) any Bond canceled by or on behalf of the County at or before said date, (b) any Bond defeased or no longer considered Outstanding pursuant to the provisions of this Order or otherwise defeased as permitted by applicable law and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Order.

"Premium Compound Interest Bonds" means the Bonds on which no interest is paid prior to maturity, maturing in various amounts and in the aggregate principal amount as set forth in the Pricing Certificate.

"Pricing Certificate" means the Pricing Certificate of the County's Pricing Officer to be executed and delivered pursuant to Section 3 hereof in connection with the Bonds.

"Pricing Officer" means the County Auditor, acting as the designated pricing officer of the County to execute the Pricing Certificate. In the absence of the County Auditor, the County Judge may act as the designated pricing officer of the County to execute the Pricing Certificate.

"Record Date" means, with respect to an Interest Payment Date of August 15, the preceding July 31, and with respect to an Interest Payment Date of February 15, the preceding January 31, whether or not such dates are Business Days.

"Redemption Date" means a date fixed for redemption of any Bond pursuant to the terms of this Bond Order.

"Refundable Bonds" means the outstanding Series 2000 Certificates of Obligation and the Series 2000A Certificates of Obligation that are subject to redemption prior to maturity.

"Refunded Bonds" means those Refundable Bonds designated by the Pricing Officer in the Pricing Certificate to be refunded.

"Register" means the registry system maintained on behalf of the County by the Registrar in which are listed the names and addresses of the Registered Owners and the principal amount of Bonds registered in the name of each Registered Owner.

"Registered Owner" means any person or entity in whose name a Bond is registered.

"Registrar" or "Paying Agent/Registrar" means JPMorgan Chase Bank, or such other bank, trust company, financial institution, or other entity as may hereafter be designated by the County to act as paying agent and registrar for the Bonds in accordance with the terms of this Bond Order.

"Replacement Bonds" means the Bonds authorized by the County to be issued in substitution for lost, apparently destroyed, or wrongfully taken Bonds as provided in Section 9 of this Bond Order.

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

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

"SID" means any person designated by the State of Texas or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.

"Underwriter" means JPMorgan Chase is the senior managing underwriter and the other co-managers as set forth in the bond purchase agreement.

Section 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND DELEGATION TO PRICING OFFICER. Each bond issued pursuant to this Order shall be

designated: **"WILLIAMSON COUNTY, TEXAS LIMITED TAX REFUNDING BOND, SERIES 2004A"** and initially there shall be issued, sold, and delivered hereunder fully registered bonds, without interest coupons, which may be in the form of Current Interest Bonds or Premium Compound Interest Bonds, numbered consecutively from R-1 upward, in the case of Current Interest Bonds, and from PC-1 upward, in the case of Premium Compound Interest Bonds (except the Initial Bond delivered to the Attorney General of the State of Texas which shall be numbered T-1 and TPC-1, respectively) payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof, in Authorized Denominations, maturing not later than August 15, 2020, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in the Pricing Certificate to be executed and delivered by the Pricing Officer pursuant to subsection (b) of this section. The Pricing Certificate is hereby incorporated in and made a part of this Order and shall be filed in the minutes of the Commissioners Court as a part of this Order.

(b) As authorized by Section 1207.007, Texas Government Code, as amended, the Pricing Officer is hereby authorized to act on behalf of the County in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute Refunded Bonds under this Order and carrying out the other procedures specified in this Order, including determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of Current Interest Bonds and Premium Compound Interest Bonds, the rate of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the County, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; provided that (i) the price to be paid for the Bonds shall not be less than 95% of the aggregate original principal amount thereof plus accrued interest thereon from its date to its delivery, (ii) none of the Bonds shall bear interest at a rate, or yield in the case of Premium Compound Interest Bonds, greater than 6.0% per annum, and (iii) the refunding must produce a net present value debt service savings of at least 2.50% of the principal amount of the Refunded Bonds, net of any County contribution. In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not to exceed the amount authorized in Section 1, which shall be sufficient to provide for the purposes for which the Bonds are authorized and to pay the costs of issuing the Bonds. The Bonds shall be sold by negotiated sale to the Underwriter pursuant to a bond purchase agreement at such price, with and subject to such terms, as determined by the Pricing Certificate. The Pricing Officer may not execute a Pricing Certificate unless the minimum required savings as described in this subsection is achieved.

(c) The Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in this Order to their respective dates of maturity or redemption at the rates per annum set forth in the Pricing Certificate.

The Premium Compound Interest Bonds shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded on the Compounding Dates as set forth in the Pricing Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Pricing Certificate. Attached to the Pricing Certificate, if Premium Compound Interest Bonds are to be issued, shall be the Accretion Table. The Accreted Value with respect to any date other than a Compounding Date is the amount set forth on the Accretion Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Accretion Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date.

Section 4. CHARACTERISTICS OF THE BONDS. (a) Registration, Transfer, Conversion and Exchange; Authentication. The County shall keep or cause to be kept at JPMorgan Chase Bank, Dallas, Texas (the "Paying Agent/Registrar") books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Register"), and the County hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the County and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Register the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The County shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Register confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The County shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Order. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 4(c) of this Order, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional orders or resolutions need be passed or adopted by the Commissioners Court of the County or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter

1201, Texas Government Code, as amended, and particularly Subchapter D thereof, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Order, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The County hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Order and the Pricing Certificate. The Paying Agent/Registrar shall keep proper records of all payments made by the County and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Order. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new Record Date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the past due interest shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner appearing on the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may be transferred and assigned, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the County shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the Pricing Certificate and the FORM OF BOND set forth in this Order. The Initial Bond is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Initial Bond or Bonds issued under this Order the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The County covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the County will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of Paying Agent/Registrar for the Bonds under this Order, and that the Paying Agent/Registrar will be one entity. The County reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the County covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar

under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Register (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the County. Upon any change in the Paying Agent/Registrar, the County promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Order, and a certified copy of this Order shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System. The Bonds issued in exchange for the Initial Bond initially issued as provided in Section 4(h) shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (f) hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the County and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the County and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (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 Registered Owner, as shown on the Register, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown on the Register of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the County and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Register, shall receive a Bond evidencing the obligation of the County to make payments of principal, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks being mailed to the registered owner at the close of

business on the Record Date the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the County determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bond, the County shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Order.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Order 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 interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations of the County to DTC.

(h) Initial Bond. The Bonds herein authorized shall be initially issued as fully registered Bonds, being one Bond in the denomination of the applicable principal amount and the Initial Bond shall be registered in the name of the Underwriter. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Underwriter. Immediately after the delivery of the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond delivered hereunder and exchange therefor Bonds in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and except as provided in Section 4(f) herein, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(i) DTC Blanket Letter of Representations. The County confirms execution of a Blanket Issuer Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to the Bonds.

Section 5. FORM OF BOND. The form of the Bond, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Bonds initially issued and delivered pursuant to this Order, shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Order and the Pricing Certificate.

FORM OF FIRST PARAGRAPHS OF CURRENT INTEREST BONDS

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS WILLIAMSON COUNTY	PRINCIPAL AMOUNT \$ _____	
WILLIAMSON COUNTY, TEXAS LIMITED TAX REFUNDING BOND SERIES 2004A			
<u>INTEREST RATE</u>	<u>DATE OF BOND</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, WILLIAMSON COUNTY, TEXAS (the "County"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon from _____*, on _____* and semiannually thereafter on each _____* and _____* to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the County and the securities depository.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at

maturity or upon the date fixed for its redemption prior to maturity, at JPMorgan Chase Bank (the "Paying Agent/Registrar") at their office in Dallas, Texas (the "Designated Payment/Transfer Office"). The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the County required by the order authorizing the issuance of this Bond (the "Bond Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage pre-paid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the close of business as of the last day of the month preceding each such date (the "Record Date") on the Register kept by the Paying Agent/Registrar (the "Register"). In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the County. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

DURING ANY PERIOD in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the County and the securities depository.

ANY ACCRUED INTEREST due at maturity as provided herein or upon the redemption of this Bond prior to maturity shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The County covenants with the Registered Owner of this Bond that on or before each principal payment date, interest payment date and accrued interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

FORM OF FIRST PARAGRAPHS OF PREMIUM COMPOUND INTEREST BONDS

NO. PC-	UNITED STATES OF AMERICA	MATURITY
	STATE OF TEXAS	AMOUNT
	WILLIAMSON COUNTY	\$ _____
	WILLIAMSON COUNTY, TEXAS	

**LIMITED TAX REFUNDING BOND
SERIES 2004A**

<u>INTEREST RATE</u>	<u>ISSUANCE DATE</u>	<u>DATE OF BONDS</u>	<u>MATURITY DATE</u>
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REGISTERED OWNER:

MATURITY AMOUNT: _____ **DOLLARS**

ON THE MATURITY DATE specified above, **WILLIAMSON COUNTY, TEXAS** (the "County"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the principal amount set forth above representing the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, calculated on the basis of a 360 day year comprised of twelve 30 day months, compounded semiannually on February 15 and August 15 of each year commencing _____, 20__*. For convenience of reference a table of the "Accreted Value" per \$5,000 Maturity Amount is printed on the reverse side of this Bond. The term "Accreted Value" as set forth in the table on the reverse side hereof shall mean the original principal amount plus initial premium per \$5,000 Maturity Amount compounded semiannually on _____* and _____* at the yield shown on such table.

THE MATURITY AMOUNT of this Bond is payable in lawful money of the United States of America, without exchange or collection charges. The Maturity Amount of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, at the designated office for payment of JPMorgan Chase Bank which is the "Paying Agent/Registrar" for this Bond, and shall be drawn by the Paying Agent/Registrar on, and solely from, funds of the County required by the order authorizing the issuance of the Bonds (the "Bond Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided, payable to the Registered Owner hereof, as it appears on the Register kept by the Paying Agent/Registrar, as hereinafter described. The County covenants with the Registered Owner of this Bond that on or before the Maturity Date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds of the Maturity Amount, when due. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the County and the securities depository.

[FORM OF REMAINDER OF EACH BOND]

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the county where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated _____*, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$ _____* [CONSTITUTING \$ _____ CURRENT INTEREST BONDS AND \$ _____ PREMIUM COMPOUND INTEREST BONDS]** FOR THE PURPOSE OF PROVIDING: (i) FUNDS TO REFUND THE REFUNDED OBLIGATIONS AND (ii) FUNDS TO PAY CERTAIN COSTS OF ISSUANCE OF THE BONDS.

(INSERT REDEMPTION PROVISIONS AS PROVIDED IN THE PRICING CERTIFICATE)

ON FEBRUARY 15, _____, or on any date thereafter, the Bonds maturing on and after February 15, _____ may be redeemed prior to their scheduled maturities, at the option of the County, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the County and if less than all of a maturity is to be redeemed, the Paying Agent/Registrar shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000).

THE BONDS MATURING ON FEBRUARY 15, _____ are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date.

<u>Bonds Maturing on February 15, _____*</u>	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
_____*	\$ _____*

* To be completed as determined in the Pricing Certificate

** To be included only if Current Interest Bonds and Premium Compound Interest Bonds are both issued and completed as determined in the Pricing Certificate

THE PRINCIPAL AMOUNT of the Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the County by the principal amount of any Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the County at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the County with monies in the Interest and Sinking Fund at a price not exceeding the principal amount of the Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

NO LESS THAN 30 calendar days prior to the date fixed for any such redemption, the County shall cause the Paying Agent/Registrar to send notice by United States mail, first-class postage prepaid to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Register of the Paying Agent/Registrar at the close of business on the 45th day prior to the redemption date and to major securities depositories, national bond rating agencies and bond information services; provided, however, that the failure to send, mail or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bonds. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bonds shall be redeemed a substitute Bonds or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the County, all as provided in the Bond Order.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Order, this Bond, or any unredeemed portion hereof, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond

must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the County. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing on the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond or portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, such limitation of transfer shall not be applicable to an exchange by the Registered Owner of the unredeemed balance of the Bond.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the County, resigns, or otherwise ceases to act as such, the County has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

IT IS HEREBY certified, recited, and covenanted that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Bond have been performed, existed, and been done in accordance with law; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the County, and have been pledged for such payment, within the limits prescribed by law.

BY BECOMING the Registered Owner of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Order, agrees to be bound by such terms and provisions, acknowledges that the Bond Order is duly recorded and available for inspection in the official minutes and records of the governing body of the County, and agrees that the terms and

provisions of this Bond and the Bond Order constitute a contract between each Registered Owner hereof and the County.

IN WITNESS WHEREOF, the County has caused this Bond to be signed with the manual or facsimile signature of the County Judge of the County and countersigned with the manual or facsimile signature of the County Clerk and County Treasurer, and has caused the official seal of the County to be duly impressed, or placed in facsimile, on this Bond.

Nancy E. Rister
County Clerk

John C. Daehler
County Judge

County Treasurer

[COUNTY SEAL]



FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Bond is not accompanied by an
executed Registration Certificate of the Comptroller
of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

JPMORGAN CHASE BANK
Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or Taxpayer
Identification Number of Transferee

(Please print or typewrite name and address,
including zip code, of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____, attorney, to register the transfer of the within
Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

NOTICE: The signature above
must correspond with the name
of the Registered Owner as it
appears upon the front of this
Bond in every particular, with-
out alteration or enlargement
or any change whatsoever.

**FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.

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

Witness my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

[COMPTROLLER'S SEAL]

INSERTIONS FOR THE INITIAL CURRENT INTEREST BOND

The Initial Bond for a Current Interest Bond shall be in the form set forth in this Section, except that;

A. immediately under the name of the Current Interest Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED BELOW, Williamson County, Texas (the "County"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
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(Information from Pricing Certificate to be inserted)

The County promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from _____* at the respective Interest Rate per annum specified above. Interest is payable on _____* and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for

which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond for a Current Interest Bond shall be numbered "T-1" and the Initial Bond for a Premium Compound Interest Bond shall be numbered "TPC-1"

Section 6. TAX LEVY. A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the County at an official depository bank of the County. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the County, and shall be used only for paying the interest on and principal of the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds or interest thereon are outstanding and unpaid, the Commissioners Court of the County shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year); and the tax shall be based on the latest approved tax rolls of the County, with full allowance being made for tax delinquencies and the cost of tax collection. The rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the County for each year while any of the Bonds or interest thereon are outstanding and unpaid; and the tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment within the limit prescribed by law. Accrued interest and any premium on the Bonds shall be deposited in the Interest and Sinking Fund. Any such premium shall be used to only pay principal of the Bonds.

Section 7. ESTABLISHMENT OF PROJECT FUND AND ESCROW FUND. (a) **Project Fund.** The Series 2004A Project Fund is hereby created and shall be established and maintained by the County at an official depository bank of the County. Proceeds from the sale of the Bonds, excluding the premium and accrued interest, shall be deposited in the Project Fund.

(b) **Investment of Funds.** The County hereby covenants that the proceeds of the sale of the Bonds will be used as soon as practicable for the purposes for which the Bonds are issued. Obligations purchased as an investment of money in any fund shall be deemed to be a part of such fund. Any money in any fund created by this Order may be invested as permitted by the Public Funds Investment Act, as amended.

(c) **Security for Funds.** All funds created by this Order shall be secured in the manner and to the fullest extent required by law for the security of funds of the County.

(d) **Maintenance of Funds.** Any funds created pursuant to this Order may be created as separate funds or accounts or as subaccounts of the County's General Fund held by the County's

depository, and, as such, not held in separate bank accounts, such treatment shall not constitute a commingling of the monies in such funds or of such funds and the County shall keep full and complete records indicating the monies and investments credited to each such fund.

(e) Escrow Fund. A portion of the proceeds of the Bonds, together with any cash contribution, in an amount necessary to refund the Refunded Obligations shall be deposited in the Escrow Fund created and governed by the terms of the Escrow Agreement dated March 1, 2004 attached hereto as "A", with such changes as approved by the Pricing Officer.

(f) Interest Earnings. Interest earnings derived from the investment of proceeds from the sale of the Bonds shall be used along with the Bond proceeds for the purpose for which the Bonds are issued as set forth in Section 1 hereof or to pay principal or interest payments on the Bonds; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

(g) Perfection. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the County under this Section, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the County under this Section is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, then in order to preserve to the Owners of the Bonds the perfection of the security interest in said pledge, the County agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 8. DEFEASANCE OF BONDS. (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the County with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied

as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar as provided in this Section may at the discretion of the Commissioners Court also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Commissioners Court.

(c) Notwithstanding any provision of any other Section of this Order which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the County shall make proper arrangements to provide and pay for such services as required by this Order.

(d) Notwithstanding anything elsewhere in this Order, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the County retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the Order authorizing its issuance, the County may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

Section 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) **Replacement Bonds.** In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the Registered Owner applying for a replacement bond shall furnish to the County and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the Registered Owner shall furnish to the County and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond, as the case may be. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Bond, the County may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Registered Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the County whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Order equally and proportionately with any and all other Bonds duly issued under this Order.

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter D of Texas Government Code, Chapter 1201, this Section 9 shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the County or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Order for Bonds issued in conversion and exchange for other Bonds.

Section 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED. The County Judge is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the 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 attached to such Bonds, and the seal of the Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the County's Bond

Counsel and the assigned CUSIP numbers may, at the option of the County, be printed on the Bonds issued and delivered under this Order, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. In addition, if bond insurance or other credit enhancement is obtained, the Bonds may bear an appropriate legend.

Section 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS. (a) Covenants. The County covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the County covenants as follows:

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

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

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

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

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the bonds are issued,

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

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

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

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

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "Rebate Fund" is hereby established by the County for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

documents, certificates or reports required by the Code and to make such elections, on behalf of the County, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation Of, and Limitation On, Expenditures for the Project. The County covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Order (the "Project") on its books and records in accordance with the requirements of the Internal Revenue Code. The County recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the County recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The County agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the County shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

Section 12. SALE OF BONDS. The Bonds shall be sold and delivered, pursuant to a bond purchase agreement in substantially the form attached hereto as Exhibit "B" by and between the County and the Underwriter at a price and under the terms set forth in the Pricing Certificate. The Pricing Officer is authorized to approve such changes to the bond purchase agreement as necessary in connection with the sale of the Bonds.

Section 13. REMEDIES IN EVENT OF DEFAULT. In addition to all of the rights and remedies provided by the laws of the State of Texas, the County covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds when due, or defaults in the observance or performance of any other of the contracts, covenants, conditions or obligations set forth in this Order or in the Bonds, the following remedies shall be available:

- (a) the Registered Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the County and officials thereof to observe and perform the contracts, covenants, obligations or conditions prescribed in this Order; and
- (b) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor 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 14. APPROVAL OF OFFICIAL STATEMENT. The County hereby approves the form and content of the Preliminary Official Statement, the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

Section 15. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS. The Escrow Agreement by and between the District and JPMorgan Chase Bank as Escrow Agent ("Escrow Agreement") in substantially the form and substance attached hereto as Exhibit "A" is hereby approved, and the Pricing Officer is hereby authorized to complete, amend, modify and execute the Escrow Agreement, as necessary.

Section 16. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT AND BLANKET ISSUER LETTER OF REPRESENTATIONS. The Paying Agent/Registrar Agreement by and between the District and JPMorgan Chase Bank ("Paying Agent Agreement") in substantially the form and substance attached hereto as Exhibit "C" is hereby approved and the County Judge is hereby authorized and directed to complete, amend, modify and execute the Paying Agent Agreement, as necessary and the County Clerk is authorized and directed to attest such agreement.

Section 17. REFUNDING OF REFUNDED BONDS AND NOTICE OF REDEMPTION. That concurrently with the delivery of the Bonds, the Pricing Officer shall cause to be deposited an amount from the proceeds of the sale of the Bonds with the Escrow Agent sufficient, together with other legally available funds of the County, to provide for the refunding and defeasance of the Refunded Bonds. The Pricing Officer is further authorized and directed to apply and there is hereby appropriated such moneys of the County as are necessary to fund the Escrow Fund to be established by the Escrow Agreement with amounts sufficient to provide for the defeasance of the Refunded Bonds on the date of delivery of the Bonds. The Pricing Officer is hereby authorized and directed to issue to the Escrow Agent the Notice of Redemption with respect to the Refunded Bonds in substantially the form set forth in Exhibit "D" hereto with such changes and additions as necessary to conform to the Pricing Certificate.

Section 18. NOTICE TO PAYING AGENT. The Refunded Obligations shall be called for redemption pursuant to the Pricing Certificate, and the Pricing Officer is hereby authorized to direct the respective paying agents for the Refunded Obligations to make appropriate arrangements so that such Refunded Bonds may be redeemed on the respective redemption dates pursuant to the Pricing Certificate. A copy of such notice of redemption shall be delivered to the respective paying agents so mentioned in the notices.

Section 19. CONTINUING DISCLOSURE UNDERTAKING. (a) Annual Reports. The County shall provide annually to each NRMSIR and any SID, within six months after the end of each Fiscal Year, financial information and operating data with respect to the County of the general type included in the final Official Statement authorized by Section 14 of this Order, being the information described in Exhibit "E" hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "E" hereto, or such other accounting principles as the County may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the County commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the County shall provide unaudited financial statements by the required time, and will provide audited financial statements for the applicable Fiscal Year to each NRMSIR and any SID, when and if the audit report on such statements become available.

If the County changes its Fiscal Year, it will notify each NRMSIR and any SID of the change (and of the date of the new Fiscal Year end) prior to the next date by which the County otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC.

(b) Material Event Notices. The County shall notify any SID and either each NRMSIR or the MSRB, 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 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;
 - G. Modifications to rights of holders of the Bonds;
 - H. Bond calls;
 - I. Defeasances;
 - J. Release, substitution, or sale of property securing repayment of the Bonds;
- and
- K. Rating changes.

The County shall notify any SID and either each NRMSIR or the MSRB, in a timely manner, of any failure by the County to provide financial information or operating data in accordance with Section 19(a) of this Order by the time required by such Section.

(c) Limitations, Disclaimers, and Amendments. The County shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the County remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the County in any event will give notice of any deposit made in accordance with Section 8 that causes the Bonds no longer to be Outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The County undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the County's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The County does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

No default by the County in observing or performing its obligations under this Section shall comprise a breach of or default under the Order for purposes of any other provision of this Order.

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

The provisions of this Section may be amended by the County from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the County, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the Outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the County (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the County so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with Section 19(a) an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The County may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Section 20. AMENDMENT OF ORDER. The County hereby reserves the right to amend this Order subject to the following terms and conditions, to-wit:

(a) The County may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Order in order to (i) cure any ambiguity, defect or omission in this Order that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Order and that shall not materially adversely affect the interests of the holders, (iv) qualify this Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Order as shall not be inconsistent with the provisions of this Order and that shall not in the opinion of the County's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then Outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the County; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then Outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Order or in any of the Bonds so as to:

- (1) Make any change in the maturity of any of the Outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the Outstanding Bonds;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any Outstanding Bonds;
- (4) Modify the terms of payment of principal or of interest or redemption premium on Outstanding Bonds or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of any series of Bonds necessary for consent to such amendment.

(c) If at any time the County shall desire to amend this Order under this Section, the County shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the County for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of publication of such notice the County shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Bonds then Outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the County may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Order pursuant to the provisions of this Section, this Order shall be deemed to be modified and amended in accordance with such amendatory Order, and the respective rights, duties, and obligations of the County and all holders of such affected Bonds shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the County, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then Outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

Section 21. NO RECOURSE AGAINST COUNTY OFFICIALS. No recourse shall be had for the payment of principal of or interest on the Bonds or for any claim based thereon or on this Order against any official of the County or any person executing any Bonds.

Section 22. FURTHER ACTIONS. The officers and employees of the County are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the County all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the Bonds, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Bond Purchase Agreement, the Escrow Agreement and the Official Statement. In addition, prior to the initial delivery of the Bonds, the County Judge, the County Clerk, the County Treasurer, the Financial Advisor, the County Attorney, and Bond Counsel are hereby authorized and directed to approve any changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement or (ii) obtain the approval of the Bonds by the Texas Attorney General's office.

In case any officer of the County whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 23. INTERPRETATIONS. All terms defined herein and all pronouns used in this Order shall be deemed to apply equally to singular and plural and to all genders. The titles and headings of the articles and sections of this Order 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 Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the lien on and pledge to secure the payment of the Bonds.

Section 24. INCONSISTENT PROVISIONS. All orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provisions of this Order are hereby repealed to the extent of such conflict and the provisions of this Order shall be and remain controlling as to the matters contained herein.

Section 25. INTERESTED PARTIES. Nothing in this Order expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the County and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Order or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Order contained by and on behalf of the County shall be for the sole and exclusive benefit of the County and the registered owners of the Bonds.

Section 26. SEVERABILITY. The provisions of this Order are severable; and in case any one or more of the provisions of this Order or the application thereof to any person or circumstance

should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Order nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Section 27. REPEALER. All orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

EXHIBIT A

ESCROW AGREEMENT

EXHIBIT B

BOND PURCHASE AGREEMENT

EXHIBIT C

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT D**NOTICE OF REDEMPTION**

**WILLIAMSON COUNTY, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES
OF OBLIGATION,
SERIES 2000**

NOTICE IS HEREBY GIVEN that Williamson County, Texas ("County") has called for redemption the following obligations of the County (the "Bonds"):

Maturity	Redemption	Principal	Interest
<u>August 15</u>	<u> Date </u>	<u>Amount</u>	<u>Rate</u>

The redemption price for the above Bonds is par plus accrued interest to _____, _____, the date fixed for redemption. Such Bonds shall be redeemed and shall no longer bear interest after _____, _____. The redemption price for such Bonds shall be paid upon presentation to JPMorgan Chase Bank, successor to Chase Bank of Texas, National Association, the Paying Agent, at its principal payment office in Dallas, Texas.

BY MAIL:

JPMorgan Chase Bank
P.O. Box 2320
Dallas, Texas 75201
Attn: Bond Redemptions

HAND DELIVERY:

JPMorgan Chase Bank
2001 Bryan Street, __ Floor
Dallas, Texas 75201
Attn: Bond Redemptions

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold 20% (31% for taxable years beginning in and after 1993) of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The County shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein.

WILLIAMSON COUNTY, TEXAS

NOTICE OF REDEMPTION

**WILLIAMSON COUNTY, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES
OF OBLIGATION,
SERIES 2000A**

NOTICE IS HEREBY GIVEN that Williamson County, Texas ("County") has called for redemption the following obligations of the County (the "Bonds"):

Maturity	Redemption	Principal	Interest
<u>August 15</u>	<u> Date </u>	<u>Amount</u>	<u>Rate</u>

The redemption price for the above Bonds is par plus accrued interest to _____, _____, the date fixed for redemption. Such Bonds shall be redeemed and shall no longer bear interest after _____, _____. The redemption price for such Bonds shall be paid upon presentation to JPMorgan Chase Bank, successor to Chase Bank of Texas, National Association, the Paying Agent, at its principal payment office in Dallas, Texas.

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JPMorgan Chase Bank
P.O. Box 2320
Dallas, Texas 75201
Attn: Bond Redemptions

HAND DELIVERY:

JPMorgan Chase Bank
2001 Bryan Street, __ Floor
Dallas, Texas 75201
Attn: Bond Redemptions

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The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The County shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein.

WILLIAMSON COUNTY, TEXAS

EXHIBIT E

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 19 of this Order.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the County to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

- | | | | |
|------|------------|---|---|
| (1) | Appendix B | - | Excerpts from Annual Financial Report; |
| (2) | Table 1 - | | Valuation, Exemptions and General Obligation Debt; |
| (3) | Table 2 - | | Taxable Assessed Valuations by Category; |
| (4) | Table 3 - | | Valuation and General Obligation Debt History; |
| (5) | Table 4 - | | Tax Rate, Levy and Collection History; |
| (6) | Table 5 - | | Ten Largest Taxpayers; |
| (7) | Table 8 - | | Pro-Forma General Obligation Debt Service Requirements; |
| (8) | Table 10 - | | Authorized But Unissued General Obligation Bonds; |
| (9) | Table 11 - | | General Fund Revenues and Expenditure History; and |
| (10) | Table 12 - | | Current Investments. |

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.

WILLIAMSON COUNTY, TEXAS
(A political subdivision of the State of Texas)

\$ _____
Limited Tax Refunding Bonds
Series 2004A

BOND PURCHASE AGREEMENT

March 18, 2004

Honorable County Judge
and Commissioners Court
Williamson County Courthouse
710 Main Street, Suite 303
Georgetown, Texas 78626

Gentlemen:

The undersigned J.P. Morgan Securities Inc. (the "*Representative*"), acting on its own behalf and on behalf of the other underwriters listed on Schedule I hereto (collectively, the "*Underwriters*"), and not acting as fiduciary or agent for you, offers to enter into the following agreement (this "*Agreement*") with the Commissioners Court of Williamson County, Texas (the "*Court*"), acting on behalf of Williamson County, Texas (the "*Issuer*"), which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Georgetown, Texas time, on March 18, 2004, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Orders (as defined herein) or in the Official Statement (as defined herein).

1. **Purchase and Sale of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's \$ _____ Limited Tax Refunding Bonds, Series 2004A (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriters are not acting as fiduciaries of the Issuer, but rather are acting solely in their capacity as underwriters for their own accounts. The Representative has been duly authorized to execute this Agreement and to act hereunder.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule II hereto. The

Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of an order adopted by the Court on March 16, 2004 (the "Order").

The purchase price for the Bonds shall be \$ _____ (representing the par amount of the Bonds, less a net original issue discount of \$ _____ and less an underwriters' discount of \$ _____), plus accrued interest on the Bonds calculated on the basis of a 360-day year of twelve 30-day months from the dated date of the Bonds to the date of the Closing (as hereinafter defined).

Delivered to the Issuer herewith is the Representative's good-faith corporate check payable to the order of the Issuer in the amount of \$640,000.00 (the "Check"). In the event the Issuer does not accept this offer, the Check shall be promptly returned to the Representative. Upon the Issuer's acceptance and countersignature of this offer, the Check (i) shall not be cashed or negotiated but shall be held and retained in safekeeping by the Issuer as security for the performance by the Underwriters of their obligation, subject to the terms and conditions herein set forth, to purchase and accept delivery of the Bonds at the Closing, and (ii) shall be applied and disposed of by the Issuer solely as provided in this Agreement. In the event of the Underwriters' compliance with such obligation to purchase and accept delivery of the Bonds at the Closing, the Check shall be returned to the Representative at the Closing. In the event of the failure by the Issuer to deliver the Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions to the obligation of the Underwriters contained in this Agreement, or if the obligation of the Underwriters shall be terminated for any reason permitted by this Agreement, the Check shall be returned promptly to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase and accept delivery of the Bonds at the Closing, the Issuer shall become entitled to cash or negotiate the Check, and the proceeds thereof shall be retained by the Issuer as and for fully liquidated damages for such failure and for any and all defaults on the part of the Underwriters, and except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this offer shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters.

2. **Public Offering.** The Underwriters agree to make a bona fide public offering of all of the Bonds at prices not to exceed the public offering prices set forth inside the front cover of the Official Statement (on page 4 thereof) and may subsequently change such offering prices without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated inside the front cover of the Official Statement (on page 4 thereof).

3. **Official Statement.**

(a) The Issuer previously has delivered copies of the Preliminary Official Statement dated March 9, 2004 (the "Preliminary Official Statement") to the Underwriters. The Issuer will prepare a final Official Statement relating to the Bonds,

which will be (i) dated the date of this Agreement, (ii) complete within the meaning of the United States Securities and Exchange Commission's Rule 15c2-12, as amended (the "*Rule*"), and (iii) substantially in the form of the most recent version of the Preliminary Official Statement provided to the Underwriters before the execution hereof. Such final Official Statement, including the cover page thereto, all exhibits, appendices, maps, charts, pictures, diagrams, reports, and statements included or incorporated therein or attached thereto, and all amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "*Official Statement*." Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriters sufficient quantities of the Preliminary Official Statement as the Underwriters deem necessary to satisfy the obligation of the Underwriters under the Rule with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(b) The Preliminary Official Statement has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriters. The Issuer hereby represents and warrants that the Preliminary Official Statement has been deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of the Rule.

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Bonds. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Bonds. The Issuer shall provide, or cause to be provided, to the Underwriters, as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven (7) business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters in sufficient quantity as the Representative shall request for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) ninety (90) days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository but in no case less than twenty-five (25) days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time request),

and if, in the opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either an amendment or a supplement to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Underwriters hereby agree to file the Official Statement with a nationally recognized municipal securities information repository. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule will be the date of the Closing.

4. **Representations, Warranties, and Covenants of the Issuer.** The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a body corporate and politic, and a political subdivision of the State of Texas (the "State"), duly created, organized and existing under the Constitution and laws of the State, including particularly Article IX of the Constitution of the State and Chapter 1207, Texas Government Code, as amended, and has full legal right, power and authority, and at the date of the Closing will have full legal right, power and authority (i) to enter into, execute and deliver this Agreement, the Orders, the Continuing Disclosure Undertaking (as defined in Section 6(j)(3) hereof), the escrow agreement described in the Orders (the "*Escrow Agreement*") and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement, the Orders, the Continuing Disclosure Undertaking, the Escrow Agreement and all other documents referred to in this clause (i) are hereinafter referred to as the "*Issuer Documents*"), (ii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iii) to carry out and consummate the transactions contemplated by the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with applicable State law and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Orders and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds and the Issuer Documents, and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Orders and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Orders and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Orders will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien they purport to create as set forth in the Orders;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds, the Issuer Documents and the adoption of the Orders and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Orders;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds have been duly obtained or will be obtained prior to the Closing, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Orders conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS," the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCING," and the Continuing Disclosure Undertakings conform to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer after due inquiry, threatened against the Issuer, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Orders or in any way contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Orders or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Orders and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consent to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position, results of operations and condition of the Issuer as of the dates and for the periods therein set forth, and there has been no adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Issuer since the dates of such statements and information. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money (except for the Issuer's Unlimited Tax Road and Refunding Bonds, Series 2004 issued concurrently with the Bonds) or incur any material liabilities, direct or contingent, payable from or secured by any of the taxes, revenues or assets which will secure the Bonds without the prior approval of the Representative;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein; and

(p) The Issuer covenants that between the date hereof and the date of the Closing it will take no action which will cause the representations and warranties made in this Section to be untrue as of the Closing.

By delivering the Official Statement to the Representative, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

5. Closing.

(a) At or before 10:00 a.m. Austin, Texas time, on April 13, 2004, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriters duly executed and authenticated, together

with the other documents hereinafter mentioned, and the Underwriters will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Agreement in immediately available funds by wire transfer to the account of the Issuer as specified by JPMorgan Chase Bank (the "Registrar"). Payment for the Bonds as aforesaid shall be made at the offices of the Registrar or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through The Depository Trust Company, New York, New York ("DTC"). The Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Orders, and shall be made available to the Representative at least one business day before the date of the Closing for purposes of inspection.

6. **Closing Conditions.** The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligation under this Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect in the form heretofore approved by the Representative and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; (ii) the net proceeds of the sale of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Orders and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and counsel to the Underwriters to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Orders shall have been duly executed and delivered by the Issuer and the Issuer shall have duly executed and delivered and the Registrar shall have duly authenticated the definitive Bonds;

(f) At or prior to the Closing, the municipal bond insurance policies insuring payment of the principal of and interest on the Bonds shall have been duly executed, issued and delivered by _____ (“_____”);

(g) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Representative is material and adverse and that makes it, in the judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(h) The Issuer shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(i) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in legal form and effect to the Representative;

(j) At or prior to the Closing, the Representative shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, as may have been agreed to by the Representative;

(2) The Orders, certified as having been duly adopted by the Issuer and being in full force and effect, with such supplements or amendments as may have been agreed to by the Representative;

(3) The continuing disclosure undertaking of the Issuer which satisfies the requirements of Section (b)(5)(i) of the Rule (the “*Continuing Disclosure Undertaking*”);

(4) The Escrow Agreement having been duly executed on behalf of the Issuer by the County Judge and the County Clerk and JPMorgan Chase Bank, Dallas, Texas (the “*Escrow Agent*”);

(5) The approving opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas (“*Bond Counsel*”), with respect to the Bonds in substantially the forms attached to the Official Statement;

(6) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriters, substantially to the effect that:

(A) the Orders have been duly adopted and are in full force and effect;

(B) the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "*1933 Act*"), and it is not necessary in connection with the offering and sale of the Bonds to the public to register any securities under the 1933 Act or to qualify the Orders under the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"); and

(C) the statements and information contained in the Official Statement under the captions "PLAN OF FINANCING" (except for the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (except for the subcaption "Book-Entry-Only System"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance With Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER INFORMATION - Legal Opinions" fairly and accurately summarize the matters purported to be summarized therein and are correct as to matters of law;

(7) An opinion, dated the date of the Closing and addressed to the Underwriters, of counsel for the Underwriters, to the effect that:

(A) the Bonds are exempt securities that do not require registration under the 1933 Act and the Trust Indenture Act and it is not necessary, in connection with the offering and sale of the Bonds to register any securities under the 1933 Act and the Orders need not be qualified under the Trust Indenture Act; and

(B) based upon their participation in the preparation of the Official Statement as counsel for the Underwriters and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement and the information regarding DTC and its book-entry system and the information regarding the municipal bond insurance policies, if any, in each case as to which no view need be expressed);

(8) A certificate, dated the date of the Closing, of an appropriate official of the Issuer to the effect that (i) all official action of the Issuer relating to the Bonds, the Issuer Documents and the Official Statement have been duly adopted by the Issuer, are in full force and effect, and have not been amended, modified, supplemented or repealed; (ii) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing; (iii) no litigation or proceeding against the Issuer is pending or, to his or her knowledge, threatened in any court or administrative body, nor is there a basis for litigation, which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting taxes or revenues, including payments on the Bonds, pursuant to the Orders, and other income or the levy or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof; (iv) to the best of his or her knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any respect as of the date of the Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2002, the latest date as of which audited financial information is available;

(9) A certificate of the Issuer signed by an appropriate official of the Issuer, in form and substance satisfactory to Bond Counsel and counsel to the Underwriters (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(10) The approving opinions of the Attorney General of the State in respect of the Bonds;

(11) The registration certificates of the Comptroller of Public Accounts of the State in respect of the Bonds and any other certificates and opinions required by the Orders for the issuance thereunder of the Bonds;

(12) Evidence of ratings assigned to the Bonds of "_____" by Moody's Investors Service, Inc. and "_____" by Standard and Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc.;

(13) Copies of the municipal bond insurance policies issued by _____ insuring the payment of the principal of and interest on the Bonds when due, together with an opinion of counsel to _____, in form and substance satisfactory to the Representative;

(14) A certificate of _____ with respect to the accuracy of statements contained in the Official Statement regarding the municipal bond insurance policies and _____ and the due authorization, execution, issuance and delivery of the municipal bond insurance policies;

(15) A copy of a special report prepared by Grant Thornton LLP, independent certified public accountants (the "*Verification Agent*"), relating to the Refunded Obligations, addressed to the Issuer, Bond Counsel and the Underwriters, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the escrowed securities and uninvested cash on hand under the Escrow Agreement to pay, when due, the principal of and interest on the Refunded Obligations, and (ii) the computation of the yield with respect to such securities and the Bonds;

(16) Evidence satisfactory to the Representative that the moneys and escrowed securities identified in the special report of the Verification Agent sufficient to effectuate the refunding of the Refunded Obligations have been received and that such moneys and escrowed securities have been deposited in escrow funds under the Escrow Agreements; and

(17) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel, the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this

Agreement, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the Check) and 4 and 8 hereof shall continue in full force and effect.

7. **Termination.** The Underwriters shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Agreement and the date of the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Representative, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on bonds or obligations of the general character of the Bonds or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein, or any other action or events shall have occurred which, in the judgment of the Representative, materially adversely affect the market for the Bonds or the market price generally of bonds or obligations of the general character of the Bonds;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Orders are not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities laws as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital of, the Underwriters;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other federal or state authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the assessments or the levies of taxes to pay principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur;

(i) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Representative, would materially or adversely affect the ability of the Underwriters to market the Bonds;

(j) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred any downgrading, or any notice shall have been given of (A) any intended or potential downgrading or (B) any review or possible change that does not indicate the direction of a possible change, in the rating accorded any of the Issuer's obligations (including the rating to be accorded the Bonds);

(l) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission;

(m) the debt ceiling of the United States is such that the escrowed securities required to fund the Escrow Agreements are not available for delivery on the date of the delivery of the Bonds; and

(n) the United States Treasury Department's proposed revisions to "Circular 230" are finalized or otherwise become effective on terms which (i) result in the opinion of bond counsel differing from the form attached to the Official Statement as Appendix C and (ii) have a material adverse effect on the market price or marketability of the Bonds.

8. **Expenses.**

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the cost of preparation and printing of the Bonds, (ii) the fees and disbursements of Bond Counsel and the Issuer's Financial Advisor; (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the fees, if any, for bond ratings and bond insurance; (v) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (vi) the fees and expenses of the Registrar; (vii) advertising expenses (except any advertising expenses of the Underwriters as set forth below); (viii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers of the Issuer; (ix) the Attorney General review fee; and (x) any other expenses mutually agreed to by the Issuer and the Representative to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement and the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by them in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to Williamson County Commissioners Court, Williamson County Courthouse, 710 Main Street, Suite 303, Georgetown, Texas 78626, Attention: Judge John C. Doerfler; and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to J. P. Morgan Securities Inc., 700 Lavaca, 2nd Floor, Austin, Texas 78701, Attention: Don Henderson.

10. **Parties in Interest.** This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have

any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriters; (ii) delivery of and payment for the Bonds pursuant to this Agreement; and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the law of the State.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Agreement, "*business day*" means any day on which the New York Stock Exchange is open for trading.

15. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[Signature page follows.]

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

J.P. MORGAN SECURITIES INC., as
Representative of the Underwriters

By: _____
Name: _____
Title: _____

APPROVED AND ACCEPTED as of the date hereof.

COMMISSIONERS COURT OF
WILLIAMSON COUNTY, TEXAS, acting
on behalf of Williamson County, Texas

By: John C. Doerfler
Name: John C. Doerfler
Title: County Judge

Schedule I – List of Underwriters

J.P. Morgan Securities Inc.
Morgan Stanley
RBC Dain Rauscher Inc.

Schedule II - Schedule of Terms

\$ _____
Limited Tax Refunding Bonds, Series 2004A

Interest Accrues From: March 15, 2004

<u>Due</u> <u>February 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Reoffering</u> <u>Price/Yield</u> ^(a)
2008	\$		
***	***	***	***
2010			
2011			
2012			
2013			
2014	(b)		
2015	(b)		
2016	(b)		
2017	(b)		
2018	(b)		

- (a) The initial reoffering prices or yields of the Series 2004A Bonds are furnished by the Underwriters and represent the initial offering prices or yields to the public, which may be changed by the Underwriters at any time.
- (b) The Issuer reserves the right, at its option, to redeem Series 2004A Bonds having stated maturities on and after February 15, _____ in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, _____, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption.

PRICING CERTIFICATE

I, the undersigned County Auditor of Williamson County, Texas (the "County"), acting pursuant to the authority granted to me by the order adopted by the Commissioners Court of the County on March 16, 2004 (the "Bond Order") relating to the issuance of the Williamson County, Texas Limited Tax Refunding Bonds, Series 2004A (the "Bonds") hereby find, determine and commit on behalf of the County to sell and deliver the Bonds on the following terms:

1. Capitalized terms not otherwise defined herein have the meaning assigned in the Bond Order.

2. The Bonds are hereby sold and shall be delivered to J.P. Morgan Securities Inc., acting on its own behalf and on behalf of the other underwriters (the "Underwriter") pursuant to the terms of the Bond Purchase Agreement, dated March 18, 2004, between the County and J.P. Morgan Securities Inc. and attached hereto as Exhibit "A", for cash at a price of \$70,152,225.13 (being the par amount of the Bonds of \$62,110,000 less an underwriting discount of \$343,910.27 and plus an original issue premium of \$8,386,135.40), plus accrued interest from the date of the Bonds to the date of delivery, according to the following terms:

A. The aggregate original principal amount of the Bonds shall be \$62,110,000.

B. The Bonds will be issued as serial Bonds dated March 15, 2004, shall be numbered from R-1 upwards (except that the Initial Bond shall be numbered T-1) and shall mature and bear interest from their dated date as follows:

Principal <u>Amount</u>	Maturity Date <u>(February 15)</u>	Interest <u>Rate</u>	Principal <u>Amount</u>	Maturity Date <u>(February 15)</u>	Interest <u>Rate</u>
\$ 400,000	2008	3.000%	\$5,035,000	2015	5.000%
*****	2009	*****	6,225,000	2016	5.000
85,000	2010	3.000	7,610,000	2017	5.000
3,990,000	2011	5.250	8,055,000	2018	5.000
4,285,000	2012	5.250	8,385,000	2019	5.000
4,470,000	2013	5.250	8,915,000	2020	5.000
4,655,000	2014	5.250			

C. Interest on the Bonds shall be payable February 15 and August 15 of each year, commencing August 15, 2004. The record date for the Bonds will be the last day of the month preceding an Interest Payment Date whether or not such dates are Business Days.

D. The Bonds scheduled to mature on February 15, 2020, shall be redeemable prior to their scheduled maturity, in whole or in part, at the option of the County, on February 15, 2014 or on any date thereafter, in principal amounts of \$5,000 or any integral multiple thereof

(and, if in part, the particular Bonds or portions thereof to be redeemed shall be selected by the County in its sole discretion), at the redemption price of par, together with accrued interest to the redemption date.

E. The Bonds shall be initially registered in the name of J.P. Morgan Securities Inc.

F. The Bonds shall be insured by MBIA.

3. The Bonds are in amounts sufficient together with certain other lawfully available funds of the County to refund the Refunded Obligations set forth in "Exhibit B" hereto and to pay the costs of issuing the Bonds. The Refunded Obligations shall be subject to redemption as set forth in "Exhibit C".

4. The issuance of the Bonds is in the best interest of the County and produces a present value debt service savings of \$4,006,339.80 (6.611% of the principal amount of the Refunded Obligations net of any County contributions), net of any County contribution to the refunding, and a gross debt service savings of \$6,424,378.50. The aggregate amount of payments under the Refunded Obligations exceeds the aggregate amount of payments under the Bonds by \$6,424,378.50.

5. The price to be paid by the Underwriter for the Bonds is not less than 95% of the aggregate original principal amount thereof plus accrued interest to the date of delivery of the Bonds. None of the Bonds bear interest at an interest rate greater than 6% per annum. Additionally, all of the requirements of Sections 1 and 3 of the Bond Order have been met.

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WITNESS MY HAND this 18th day of March, 2004.

WILLIAMSON COUNTY, TEXAS

By: _____
David Flores,
County Auditor

EXHIBIT A

Bond Purchase Agreement

EXHIBIT B

Refunded Obligations

Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2000, dated January 15, 2000 as described below:

Maturity Date	Principal Amount	Interest Rate
2011	\$ 500,000	5.40%
2012	500,000	5.40
2013	600,000	5.50
2014	600,000	5.60
2015	700,000	5.80
2016	1,600,000	5.80
2017	2,800,000	5.90
2018	3,000,000	5.90
2019	3,100,000	6.00
2020	3,300,000	6.00

aggregating \$16,700,000 in principal amount.

Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2000A, dated May 1, 2000, as described below:

Maturity Date	Principal Amount	Interest Rate
2011	\$3,300,000	6.00%
2012	3,600,000	6.00
2013	3,700,000	6.00
2014	3,900,000	6.00
2015	4,200,000	6.00
2016	4,500,000	6.00
2017	4,700,000	6.00
2018	5,000,000	6.00
2019	5,300,000	6.00
2020	5,700,000	6.00

aggregating \$43,900,000 in principal amount.

EXHIBIT C

NOTICES OF REDEMPTION

WILLIAMSON COUNTY, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES
OF OBLIGATION,
SERIES 2000

NOTICE IS HEREBY GIVEN that Williamson County, Texas ("County") has called for redemption the following obligations of the County (the "Certificates"):

<u>Maturity</u> <u>August 15</u>	<u>Redemption</u> <u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Numbers*</u>
2011	August 15, 2010	\$ 500,000	5.40%	969887 DZ 8
2012	August 15, 2010	500,000	5.40	969887 EA 2
2013	August 15, 2010	600,000	5.50	969887 EB 0
2014	August 15, 2010	600,000	5.60	969887 EC 8
2015	August 15, 2010	700,000	5.80	969887 ED 6
2016	August 15, 2010	1,600,000	5.80	969887 EE 4
2017	August 15, 2010	2,800,000	5.90	969887 EF 1
2018	August 15, 2010	3,000,000	5.90	969887 EG 9
2019	August 15, 2010	3,100,000	6.00	969887 EH 7
2020	August 15, 2010	3,300,000	6.00	969887 EJ 3

The redemption price for the above Certificates is par plus accrued interest to August 15, 2010, the date fixed for redemption. Such Certificates shall be redeemed and shall no longer bear interest after August 15, 2010. The redemption price for such Certificates shall be paid upon presentation to JPMorgan Chase Bank, successor to Chase Bank of Texas, National Association, the Paying Agent, at its principal payment office in Dallas, Texas.

First Class/Registered/Certified Mail
JP Morgan Chase Bank
Institutional Trust Services
P.O. Box 2320
Dallas, Texas 75221-2320

By Overnight or Courier
JPMorgan Chase Bank
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand
JPMorgan Chase Bank
Room 234-North Building
ITS Window
55 Water Street
New York, NY 10041

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold 20% (31% for taxable years beginning in and after 1993) of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Certificates for redemption.

*The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Certificates. The County shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein.

WILLIAMSON COUNTY, TEXAS

**WILLIAMSON COUNTY, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES
OF OBLIGATION,
SERIES 2000A**

NOTICE IS HEREBY GIVEN that Williamson County, Texas ("County") has called for redemption the following obligations of the County (the "Certificates"):

<u>Maturity</u> <u>August 15</u>	<u>Redemption</u> <u>Date</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP</u> <u>Numbers*</u>
2011	August 15, 2010	\$3,300,000	6.00%	969887 EU 8
2012	August 15, 2010	3,600,000	6.00	969887 EV 6
2013	August 15, 2010	3,700,000	6.00	969887 EW 4
2014	August 15, 2010	3,900,000	6.00	969887 EX 2
2015	August 15, 2010	4,200,000	6.00	969887 EY 0
2016	August 15, 2010	4,500,000	6.00	969887 EZ 7
2017	August 15, 2010	4,700,000	6.00	969887 FA 1
2018	August 15, 2010	5,000,000	6.00	969887 FB 9
2019	August 15, 2010	5,300,000	6.00	969887 FC 7
2020	August 15, 2010	5,700,000	6.00	969887 FD 5

The redemption price for the above Certificates is par plus accrued interest to August 15, 2010, the date fixed for redemption. Such Certificates shall be redeemed and shall no longer bear interest after August 15, 2010. The redemption price for such Certificates shall be paid upon presentation to JPMorgan Chase Bank, successor to Chase Bank of Texas, National Association, the Paying Agent, at its principal payment office in Dallas, Texas.

First Class/Registered/Certified Mail

JP Morgan Chase Bank
Institutional Trust Services
P.O. Box 2320
Dallas, Texas 75221-2320

By Overnight or Courier

JPMorgan Chase Bank
Institutional Trust Services
2001 Bryan Street, 9th Floor
Dallas, Texas 75201

By Hand

JPMorgan Chase Bank
Room 234-North Building
ITS Window
55 Water Street
New York, NY 10041

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold 20% (31% for taxable years beginning in and after 1993) of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Certificates for redemption.

*The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Certificates. The County shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein.

WILLIAMSON COUNTY, TEXAS

ESCROW AGREEMENT**Williamson County, Texas Unlimited Tax
Road and Refunding Bonds, Series 2004****Williamson County, Texas Limited Tax
Refunding Bonds, Series 2004A**

THIS ESCROW AGREEMENT, dated as of March 15, 2004 (together with any amendments or supplements hereto, the "Agreement") is entered into by and between Williamson County, Texas (the "Issuer") and JPMorgan Chase Bank, as escrow agent (together with any successor in such capacity, the "Escrow Agent"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit "A" attached hereto and made a part hereof.

W I T N E S S E T H:

WHEREAS, the Issuer heretofore has issued and there presently remain outstanding the obligations (the "Refunded Obligations") described in the verification report of Grant Thornton LLP (the "Report"), relating to the Refunded Obligations, attached hereto as Exhibit "B" and made a part hereof; and

WHEREAS, the Refunded Obligations are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in the Report; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with a trust company or commercial bank, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such trust company or commercial bank with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such trust company or commercial bank may agree, provided that such deposits may be invested only in (A) (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the

purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, and (B) any of which may be in book entry form, and (C) any such investments shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due; and

WHEREAS, as shown in the Report, there shall be deposited with the Escrow Agent securities described in clause (A)(i) of the immediately preceding paragraph as is consistent with the provisions of Chapter 1207 and the ordinances of the Issuer pursuant to which the Refunded Obligations were issued; and

WHEREAS, the Escrow Agent is a bank that qualifies to serve as Escrow Agent in accordance with the provisions of Chapter 1207, and this Agreement constitutes an escrow agreement of the kind authorized and required by Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the Paying Agent for the Refunded Obligations, currently JPMorgan Chase Bank (the "Paying Agent"), as successor in interest to Chase Bank of Texas National Association or a commercial bank or trust company the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the Williamson County, Texas Unlimited Tax Road and Refunding Bonds, Series 2004 and the Williamson County, Texas Limited Tax Refunding Bonds, Series 2004A (the "Refunding Obligations") have been duly authorized to be issued, sold and delivered for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their respective maturity dates or dates of redemption and the interest thereon to such dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Obligations to the purchasers thereof, certain proceeds of the Refunding Obligations, together with certain other available funds of the Issuer, if applicable, shall be applied to purchase certain direct obligations of the United States of America (the "Escrowed Securities") for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys that, together with cash balances from

time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or dates of redemption; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at a corporate trust office of the Escrow Agent.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"**Code**" means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

"**Escrow Fund**" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"**Escrowed Securities**" means the direct noncallable, not pre-payable United States Treasury obligations and obligations the due timely payment of which is unconditionally guaranteed by the United States of America and described in the Report, or cash or other direct obligations of the United States of America substituted therefor pursuant to Article IV of this Agreement.

Section 1.02. Other Definitions. The terms "Agreement," "Issuer," "Escrow Agent," "Refunded Obligations," "Refunding Obligations," "Report" and "Paying Agent," when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds and Escrowed Securities described in the Report, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Williamson County, Texas Unlimited Tax Road Bonds, Series 1997; Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2000; and the Williamson County, Texas Combination Tax and Revenue Certificates of Obligations, Series 2000A Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in the Report. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Obligations at their respective maturity dates and interest thereon to such maturity dates in the amounts and at the times shown in the Report.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the Refunded Obligations as the Refunded Obligations mature, all as more fully set forth in the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each place of payment (paying agent) for the Refunded Obligations to make the payments set forth in Section 3.02 hereof, the Issuer shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in

the amounts required to make such payments. Notice of any such insufficiency shall be given as promptly as practicable as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. Except as provided in Sections 4.02, 4.03 and 4.04 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer or otherwise dispose of the Escrowed Securities.

Section 4.02. Reinvestment of Certain Cash Balances in Escrow by Escrow Agent. In addition to the Escrowed Securities listed in the Report, the Escrow Agent shall reinvest cash balances shown in the Report in United States Treasury Obligations - State and Local Government Series with an interest rate equal to zero percent (0%) to the extent such Obligations are available from the Department of the Treasury. All such re-investments shall be made only from the portion of cash balances derived from the maturing principal of and interest on Escrowed Securities that are United States Treasury Certificates of Indebtedness, Notes or Bonds - State and Local Government

Series. All such re-investments shall be acquired on and shall mature on the dates shown on the Report.

Section 4.03. Substitutions and Reinvestments. At the discretion of the Issuer, the Escrow Agent shall reinvest cash balances representing receipts from the Escrowed Securities, make substitutions of the Escrowed Securities or redeem the Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other moneys or securities held in the Escrow Fund provided that the Issuer delivers to the Escrow Agent the following:

- (1) an opinion by an independent certified public accountant that after such substitution or reinvestment the principal amount of the securities in the Escrow Fund (which shall be noncallable, not pre-payable direct obligations of the United States of America), together with the interest thereon and other available moneys, will be sufficient to pay, without further investment or reinvestment, as the same become due in accordance with the Report, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid, and
- (2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such substitution or reinvestment will not cause the Refunded Obligations to be "arbitrage bonds" within the meaning of Section 103 of the Code or the regulations thereunder in effect on the date of such substitution or reinvestment, or otherwise make the interest on the Refunded Obligations subject to federal income taxation, and (b) such substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations.

The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

Section 4.04. Substitution for Escrowed Securities. Concurrently with the initial deposit by the Issuer with the Escrow Agent, but not thereafter, the Issuer, at its option, may substitute cash or non-interest bearing direct noncallable and not pre-payable obligations of the United States Treasury (i.e., Treasury obligations which mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date) (the "Substitute Obligations") for non-interest bearing Escrowed Securities, if any, but only if such Substitute Obligations

- (a) are in an amount, and/or mature in an amount, that is equal to or greater than the amount payable on the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted,
- (b) mature on or before the maturity date of the obligation listed in the Report for which such Substitute Obligation is substituted, and

- (c) produce the amount necessary to pay the interest on and principal of the Refunded Obligations, as set forth in the Report, as verified by a certified public accountant or a firm of certified public accountants.

If, concurrently with the initial deposit by the Issuer with the Escrow Agent, any such Substitute Obligations are so substituted for any Escrowed Securities, the Issuer may, at any time thereafter, substitute for such Substitute Obligations the same Escrowed Securities for which such Substitute Obligations originally were substituted.

Section 4.05. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Obligations or Refunded Obligations to be an "arbitrage bond" within the meaning of the Code.

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02, 4.02, 4.03 and 4.04 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Obligations shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Obligations or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a Paying Agent/Registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the

Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 7.03. Compensation. (a) Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the sum of \$_____, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) Upon receipt of the aforesaid specific sums stated in subsection (a) of this Section 7.03 for Escrow Agent fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

(c) JPMorgan Chase Bank is the place of payment (paying agent) for the Refunded Obligations. Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Paying Agent, the sum of \$_____, the sufficiency of which is hereby acknowledged by JPMorgan Chase Bank for all future paying agency services with respect to the Refunded Obligations; and JPMorgan Chase Bank warrants that such sum is sufficient for such purpose.

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by

an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise corporate trust powers, authorized under Texas law to act as an escrow agent, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three (3) weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided and such successor Escrow Agent shall be a paying agent for the Refunded Obligations and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its Paying Agent's fee hereunder.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. 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 mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit "A" attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of

delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, 99 Church Street, New York, New York 10007.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in the Report and the Escrowed Securities, together with the specific sums stated in subsection (a) of Section 7.03 for Escrow Agent fees, expenses, and services and receipt by the Issuer of the acknowledgments from the Escrow Agent and Paying Agent as described in subsections (b) and (c), respectively, of Section 7.03.

Section 8.08. Amendments. This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations.

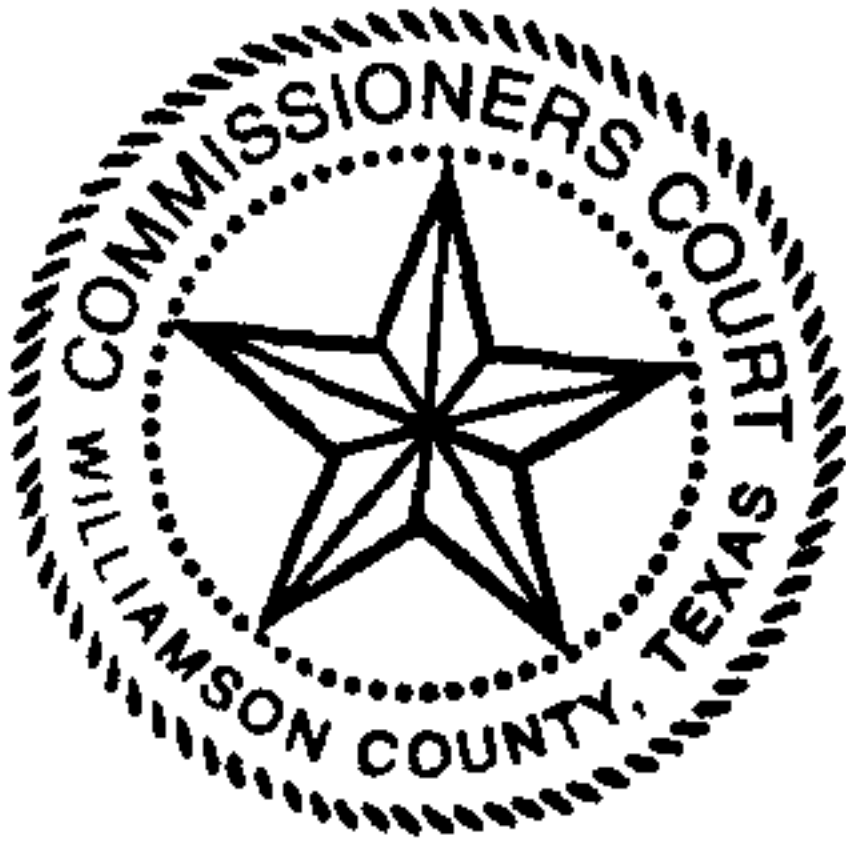
EXECUTED as of the date first written above.

WILLIAMSON COUNTY, TEXAS

By: John C. Daehler
County Judge

ATTEST:

Nancy E. Roster
County Clerk



JPMORGAN CHASE BANK

By: _____

Title: _____

INDEX TO EXHIBITS

Exhibit "A"	Addresses of the Issuer and the Escrow Agent
Exhibit "B"	Verification Report

EXHIBIT "A"

ADDRESSES OF THE ISSUER AND THE ESCROW AGENT

ISSUER

Williamson County
710 Main Street
Georgetown, Texas 78626
Attention: County Judge

ESCROW AGENT

JPMorgan Chase Bank
Issuer Administrative Services
2001 Bryan Street, 10th Floor
Dallas, Texas 75201

EXHIBIT "B"

Verification Report

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT dated as of _____, 2004 ("Agreement"), by and between Williamson County, Texas (the "Issuer"), and JPMorgan Chase Bank, a New York banking corporation duly organized and existing under the laws of the State of Texas ("Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of bonds to be issued only in registered form, as to payment of principal and interest thereon in an aggregate principal amount of \$_____ and titled Unlimited Tax Road and Refunding Bonds, Series 2004 and in an aggregate principal amount of \$_____ and titled Limited Tax Refunding Bonds, Series 2004A (collectively, the "Bonds"); and

WHEREAS, the Bonds are scheduled to be delivered to the initial purchasers thereof on or about April 13, 2004; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Bonds and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the County and has full power and authority to perform and serve as Paying Agent/Registrar for the Bonds;

NOW, THEREFORE, it is mutually agreed as follows:

**ARTICLE ONE
APPOINTMENT OF BANK AS
PAYING AGENT AND REGISTRAR**

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Bonds. As Paying Agent for the Bonds, the Bank shall be responsible for paying on behalf of the County the principal, premium (if any), and interest on the Bonds as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Orders" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Bonds. As Registrar for the Bonds, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of the Bonds and with respect to the transfer and exchange thereof as provided herein and in the "Orders."

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Bonds.

Section 1.02. Compensation.

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

**ARTICLE TWO
DEFINITIONS**

Section 2.01. Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Bank Office" means the corporate trust office of the Bank as indicated herein. The Bank will notify the County in writing of any change in location of the Bank Office.

"Bond Register" means a register maintained by the Bank on behalf of the County providing for the registration and transfer of the Bonds.

"Fiscal Year" means the fiscal year of the Issuer.

"Holder" and "Bond Holder" each means the Person in whose name a Bond is registered in the Bond Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the County Judge, delivered to the Bank.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Orders" mean the orders of the governing body of the County pursuant to which the Bonds are issued, certified by the County Clerk or any other officer of the County and delivered to the Bank.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Bonds" of any particular Bond means 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 mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Orders).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Orders.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Stated Maturity" means the date specified in the Orders on which the principal of a Bond is scheduled to be due and payable.

Section 2.02. Other Definitions.

The terms "Bank," "Issuer," and "Bonds" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Bond at its Stated Maturity, Redemption Date, or Acceleration Date, to the Holder upon surrender of the Bond to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Bond when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first class postage prepaid, on each payment date, to the Holders of the Bonds (or their Predecessor Bonds) on the respective Record Date, to the address appearing on the Bond Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Bonds on the dates specified in the Orders.

ARTICLE FOUR REGISTRAR

Section 4.01. Bond Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Bond Register") for recording the names and addresses of the Holders of the Bonds, the transfer, exchange and replacement of the Bonds and the payment of the principal of and interest on the Bonds to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacement of Bonds shall be noted in the Bond Register.

Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Bond Dealers, Inc., in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Bonds.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Bonds, the exchange or transfer by the Holders thereof will be completed and new Bonds delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Bonds to be canceled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Bonds.

The Issuer shall provide an adequate inventory of printed Bonds to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Bonds will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Bonds in safekeeping, which shall be not less than the care maintained by the Bank for debt Bonds of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Bond Register.

The Bank, as Registrar, will maintain the Bond Register relating to the registration, payment, transfer and exchange of the Bonds in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Bond Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Bond Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04. List of Bond Holders.

The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Bond Register. The Issuer may also inspect the information contained in the Bond Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Bond Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Bond Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Bond Register.

Section 4.05. Return of Cancelled Bonds.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Bonds in lieu of which or in exchange for which other Bonds have been issued, or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Bonds.

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Orders, to deliver and issue Bonds in exchange for or in lieu of mutilated, destroyed, lost, or stolen Bonds as long as the same does not result in an overissuance.

In case any Bond shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed lost or stolen Bond, only after (1) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.01, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Bonds pursuant to Section 4.06.

**ARTICLE FIVE
THE BANK****Section 5.01. Duties of Bank.**

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on Bonds or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bonds, but is protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, bond, or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

Section 5.03. Recitals of Issuer.

The recitals contained herein with respect to the Issuer and in the Bonds shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Bond, or any other Person for any amount due on any Bond from its own funds.

Section 5.04. May Hold Bonds.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a paying agency capacity for the payment of the Bonds, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation to be fully collateralized with Bonds or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts, until the principal and interest on such Bonds have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Bonds shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Laws of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Bond and remaining unclaimed for three years after the final maturity of the Bond has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Bond shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on the Bank's part, arising out of or in connection with the Bank's acceptance or administration of its duties hereunder, including the cost and expense incurred by the Bank in defending against any claim or from liability imposed on the Bank in connection with the Bank's exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State Issuer Court located in the State and County where the administrative offices of the Issuer are located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the state of Texas to determine the rights of any Person claiming any interest herein.

Section 5.08. Depository Trust Company Services.

It is hereby represented and warranted that, in the event the Bonds are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for Bonds to be eligible for such type depository trust services, including, but not limited to,

requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

Attached hereto is a copy of the Blanket Issuer Letter of Representations with The Depository Trust Company.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02. Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06. Severability.

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Benefits of Agreement.

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.08. Entire Agreement.

This Agreement and the Orders constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Orders, the Orders shall govern.

Section 6.09. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.10. Termination.

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Bonds to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Bonds of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Bonds.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Bond Register (or a copy thereof), together with other pertinent books and records relating to the Bonds, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.11. Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

JPMORGAN CHASE BANK

By: _____
Title: _____

600 Travis Street, Suite 1150
Houston, Texas 77002

Attest:

Title

[BANK SEAL]

WILLIAMSON COUNTY, TEXAS

By: John C. Dwyer
County Judge

710 Main Street
Georgetown, Texas 78626



[ISSUER SEAL]

Attest:

Nancy E. Rister
County Clerk

SCHEDULE A

Paying Agent/Registrar Fee Schedule

Acceptance Fee	\$ -0-
Annual Administration Fee	\$ _____

GENERAL AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS

§

§

COUNTY OF WILLIAMSON

§

We, the undersigned elected officials of the County, hereby certify as follows:

GENERAL

1. This certificate is executed for and on behalf of the County, for the benefit of the Attorney General of the State of Texas and for the benefit of the Initial Purchasers in connection with the issuance of the Bonds. The words and terms used herein shall have the meanings whenever they are used given in Exhibit "A" attached hereto.

2. Any certificate signed by an official of the County delivered to the Initial Purchasers or the Attorney General of the State of Texas shall be deemed a representation and warranty by the County as to the statement made therein. The Public Finance Division of the Office of the Attorney General of the State of Texas is hereby authorized to date this certificate as of the date of approval of the Bonds and is entitled to rely upon the accuracy of the information contained herein unless notified by telephone or fax to the contrary. The Comptroller of Public Accounts is further authorized to register the Bonds upon receipt of the Attorney General approval. After registration, the Bonds, opinions and registration papers shall be delivered to C.D. Pumbo at McCall, Parkhurst & Horton L.L.P.

MATTERS RELATING TO THE COUNTY

3. We officially executed and signed the Bonds with our manual signatures or by causing facsimiles of our manual signatures to be imprinted or copied on each of the Bonds, and, if appropriate, we hereby adopt said facsimile signatures as our own, respectively, and declare that the facsimile signatures constitute our signatures the same as if we had manually signed each of the Bonds.

4. The Bonds are substantially in the form, and have been duly executed and signed in the manner prescribed in the Orders.

5. At the time we so executed and signed the Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified and acting officers indicated therein, and authorized to execute the same.

6. No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provision made for their payment or

security, or in any manner questioning the proceedings or authority concerning the issuance of the Bonds, and that so far as we know and believe no such litigation is threatened.

7. Neither the corporate existence nor boundaries of the County are being contested, no litigation has been filed or is now pending which would affect the authority of the officers of the County to issue, execute, sign, and deliver the Bonds, and no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

8. We have caused the official seal of the County to be impressed, or printed, or copied on the Bonds and said seal on the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the County.

9. The currently outstanding tax debt of the County and the proposed Bonds are set forth in Exhibit "B" attached hereto.

10. The true and correct schedule showing the annual requirements of all the outstanding tax indebtedness of the County, together with the proposed Bonds, is set forth in Exhibit "C" hereto.

11. The currently effective ad valorem tax rolls of the County are those for the year 2003, being the most recently approved tax rolls of the County; that the taxable property in the County has been assessed as required by law; that the Tax Assessor of the County has duly verified the aforesaid tax rolls, and that the assessed value of taxable property in the County upon which the annual ad valorem tax of the County has been levied (after deducting the amount of all exemptions, if any, taken or required to be given under the Constitution and laws of the State of Texas), according to the aforesaid tax rolls for said year and finally approved and recorded by the Commissioner's Court of the County, is \$ _____ of which \$19,101,960,568 is taxable assessed value of real property.

12. That no default exists in connection with any of the covenants contained in any of the orders authorizing the issuance of the Refunded Bonds (as defined in the order authorizing the Bonds).

13. That none of the Refunded Bonds have ever been held in or purchased for the account of any of the special funds created and maintained under the orders authorizing their issuance for payment or security of said Refunded Bonds.

14. The County has three series of unlimited tax road bonds outstanding (Series 1997, Series 2001, and Series 2002) in the total aggregate principal amount of \$227,315,000. The Series 1997, Series 2001, and Series 2002 Bonds together with the Series 2004 Bonds represent ____% of the 2003 taxable assessed value of real property in the County.

CLOSING MATTERS

15. That to the best of his or her knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing Date, and the information contained in the Official Statement is correct in all material respects, and, as of the date of the Official Statement did not, and as of the date of the Closing Date does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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EXHIBIT A**DEFINITIONS**

<i>Bonds</i>	Williamson County, Texas Unlimited Tax Road and Refunding Bonds, Series 2004 in the aggregate principal amount of \$ _____ and Williamson County, Texas Limited Tax Refunding Bonds, Series 2004A in the aggregate principal amount of \$ _____.
<i>Bond Purchase Agreement</i>	The Bond Purchase Agreement among the County and the Initial Purchasers, dated _____, 2004.
<i>Closing Date</i>	April 13, 2004 or at such other time agreed upon between the County and the Initial Purchasers.
<i>Commissioners Court</i>	The Commissioners Court of Williamson County, Texas.
<i>County</i>	Williamson County, Texas.
<i>Initial Purchasers</i>	The underwriters as set forth in the Bond Purchase Agreement dated _____, 2004 between the County and _____ on behalf of the underwriters.
<i>Official Statement</i>	Collectively, the Preliminary Official Statement dated March 9, 2004 and the Official Statement dated _____, 2004 relating to the issuance of the Bonds.
<i>Orders</i>	The Orders adopted by the Commissioners Court of the County on March 16, 2004 and March 23, 2004 authorizing the issuance of the Series 2004 Bonds and the Series 2004A Bonds, respectively.

EXHIBIT B

OUTSTANDING TAX INDEBTEDNESS

Bonds in Process of Issuance

Williamson County Unlimited Tax Road and Refunding Bonds, Series 2004	\$ 83,015,000
Williamson County Limited Tax Refunding Bonds, Series 2004A	_____

Outstanding Debt

Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 1996	8,200,000
Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 1997	5,000,000
Williamson County Limited Tax General Obligation Bonds, Series 1997	2,300,000
Williamson County, Texas Unlimited Tax Road Bonds, Series 1997	1,300,000*
Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2000	5,100,000*
Williamson County, Texas Combination Tax and Revenue Certificates of Obligation, Series 2000A	14,900,000*
Williamson County, Texas General Obligation and Refunding Bonds, Series 2001A	19,700,000
Williamson County, Texas Limited Tax General Obligation Bonds, Series 2002A	6,595,000
Williamson County, Texas Limited Tax Notes, Series 2002B	23,675,000
Williamson County, Texas Unlimited Tax Road Bonds, Series 2001	95,000,000
Williamson County, Texas Unlimited Tax Road Bonds, Series 2002	118,515,000

TOTAL \$ _____ *

* Excluding the Refunded Obligations

EXHIBIT C
COMBINATION DEBT SERVICE SCHEDULE

2.

*Please
do not
date*



SIGNED AND SEALED this the _____ day of _____, 2004.

Nancy E. Renter
County Clerk

John C. Dreyer
County Judge

Julian L. Wood
County Treasurer

Execute either I or II below:

- I. The signatures of the officers subscribed above are hereby certified to be true and genuine.

Bank

By: _____
Authorized Officer

(BANK SEAL) or (Initials of Authorized Officer if Bank has no seal on premises
_____)

- II. Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this 23rd day of March, 2004

Jane E. Tableriou
Notary Public

