

CERTIFICATE FOR RESOLUTION

STATE OF TEXAS §
HILLSBORO INDEPENDENT SCHOOL DISTRICT §
COUNTY OF HILL §

_____ of the Board of Trustees of the Hillsboro Independent School District, **DOES HEREBY CERTIFY** as follows:

1. On May 14, 2018, a regular meeting of the Board of Trustees of the Hillsboro Independent School District (the “District”) was held at a meeting place within the District (the “Meeting”); the duly constituted members of the Board being as follows:

Dr. Christopher Teague	President
Guadalupe “Lupe” Mancha	Vice President
John Sawyer	Secretary
Norman Baker	Trustee
Gerardo “Jerry” Carbajal	Trustee
Stephanie Johnson	Trustee
Dr. Amanda Scarborough	Trustee

All of said persons were present at said meeting, except the following: _____ . Among other business considered at said meeting, the attached resolution entitled:

A RESOLUTION AUTHORIZING THE ISSUANCE OF HILLSBORO INDEPENDENT SCHOOL DISTRICT PUBLIC PROPERTY FINANCE ACT CONTRACT, SERIES 2018 (CONTRACT NO. HILLSBOROISD2018), PROVIDING FOR THE PAYMENT OF SUCH PUBLIC PROPERTY FINANCE ACT CONTRACT; SPECIFYING THE TERMS AND FEATURES OF SAID PUBLIC PROPERTY FINANCE ACT CONTRACT; AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, PAYMENT, AND DELIVERY OF SAID PUBLIC PROPERTY FINANCE ACT CONTRACT

(the “Resolution”) was introduced and submitted to the Board for passage and adoption. After presentation and due consideration of the Resolution, and upon a motion being duly made and seconded, the Resolution was finally passed and adopted by the Board to be effective immediately by the following vote:

Ayes _____

Nays _____

Abstained _____

all as shown in the official minutes of the Board for the meeting held on the aforesaid date.

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

IN WITNESS WHEREOF, I have hereunto signed my name officially, this 14th day of May 2018.

President, Board of Trustees

Secretary, Board of Trustees

(District Seal)

Resolution Approving Financing Terms

WHEREAS: Hillsboro Independent School District (the “District”) has previously determined to undertake a project for the purchase of District portable buildings (the “Project”), and the District Superintendent has now presented a proposal for the financing of such Project.

BE IT THEREFORE RESOLVED, as follows:

1. The District hereby determines to finance the Project through Branch Banking and Trust Company (“BB&T”), in accordance with the proposal attached hereto as Exhibit A and incorporated herein. The amount financed shall not exceed \$126,875.00, the annual interest rate (in the absence of default or change in tax status) shall not exceed 3.41% and the financing term shall not exceed three (3) years from closing, with prepayment, in whole, available at the option of the District at any time at par.
2. All financing contracts and all related documents for the closing of the financing (the “Financing Documents”) shall be consistent with the foregoing terms. All officers and employees of the District are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Project as contemplated by the proposal and this resolution. The District agrees to provide BB&T its financial statements within 270 days of the District’s fiscal year each year any amount is due and outstanding under the agreement with BB&T.
3. The District Superintendent is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The District Superintendent is authorized to approve changes to any Financing Documents previously signed by District officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the District Superintendent shall approve, with the District Superintendent’s release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document’s final form.
4. The District shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The District hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).

5. The District intends that the adoption of this resolution will be a declaration of the District's official intent to reimburse expenditures for the project that is to be financed from the proceeds of the BB&T financing described above. The District intends that funds that have been advanced, or that may be advanced, from the District's general fund, or any other District fund related to the project, for project costs may be reimbursed from the financing proceeds.

6. All prior actions of District officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this _____ day of May 2018.

By: _____

Dr. Christopher Teague,
President, Board of Trustees

By: _____

John Sawyer,
Secretary, Board of Trustees

DISTRICT SEAL

EXHIBIT A

BY AND BETWEEN

LENDER: BANK BRANCHING AND TRUST COMPANY ("BB&T)

and

HILLSBORO INDEPENDENT SCHOOL DISTRICT

Project:	Public Property Finance Act Contract Series 2018
Proposed Amount Financed:	\$126,875.00 (\$125,000.00 <i>plus</i> 1.5% cost of issuance)
Term:	3 Years
Rate:	3.41%
Annual Payments:	\$44,820.18
Call Provision:	Callable any time at Par

Public Property Finance Act Contract

This Public Property Finance Act Contract No. HILLSBOROISD2018 (hereafter referred to as the "Finance Contract") is dated as of May 21, 2018 by and between **BRANCH BANKING AND TRUST COMPANY**, (herein referred to as "LENDER"), and the HILLSBORO INDEPENDENT SCHOOL DISTRICT an independent school district of the State of Texas (hereinafter referred to as the "District").

WITNESSETH: In furtherance of the providing by LENDER of financing on May 21, 2018 (the "Delivery Date") to the District in connection with the District's acquisition of personal property more fully described on EXHIBIT A attached hereto (the "Property"), and in consideration of the mutual covenants and conditions hereinafter set forth, pursuant to the provisions of the Public Property Finance Act, Chapter 271, Subchapter A, Texas Local Government Code, as amended (the "Act"), the parties agree as follows:

1. **Term and Payments.** The District hereby covenants and agrees to pay to the order of LENDER and LENDER'S successors and assigns those principal and interest installment amounts in those sums set forth on EXHIBIT B attached hereto (the "Payments") on or before those dates per installment that are more fully set forth on EXHIBIT B (the "Payment Dates").
2. **Security, Levy of Taxes, Budgeting.**
 - (a) The District hereby agrees to assess and collect, a continuing direct annual Maintenance Tax on all taxable property within the boundaries of the District, within the limitations prescribed by law, at a rate from year to year sufficient, together with such other revenues and funds lawfully available to the District for the payment of the Payments, to provide funds each year to pay the Payments, full allowance being made for delinquencies and costs of collection. Such taxes, and revenues and funds in an amount sufficient to make the Payments are pledged to LENDER and LENDER's successors and assigns for such purpose as the same shall become due and payable under this Finance Contract.
 - (b) The District waives all rights of set-off, recoupment, counterclaim and abatement against LENDER and LENDER's successors and assigns with respect to the amounts due under this Finance Contract, and the District's obligation to pay amounts due under this Finance Contract is absolute and unconditional and not subject to set-off, recoupment, counterclaim, or abatement for any reason whatsoever.
3. **Deposit into the Payment Fund.**
 - (a) Upon this Finance Contract taking effect the District shall establish a Payment Fund comprised of revenues, funds, and taxes available to the District (the "Payment Fund"), which shall be maintained by the District as long as any Payments are unpaid. The District hereby pledges and assigns the Payment Fund for the exclusive purpose of securing the Payments.
 - (b) Each year in which Payments come due, the District shall, not later than the day preceding any such due date, deposit into the Payment Fund, from the District's maintenance and operations taxes or other lawfully available funds (within the limits prescribed by law) an amount sufficient to make such payment. To the extent

permitted by law, the District hereby pledges its maintenance and operations tax as security for this obligation.

- (c) The Payment Fund shall be depleted at least once a year except for a carryover amount not to exceed one twelfth (1/12) of the amount of the Payments expected to come due in the following year.
- 4. Taxes.** The District agrees to directly pay all taxes, insurance and other costs of every nature associated with its ownership of the Property.
- 5. The District's Covenants and Representations.** The District covenants and represents as follows:
 - (a) The District will provide an opinion of its counsel to the effect that, it has full power and authority to enter into this Finance Contract which has been duly authorized, executed, and delivered by the District and is a valid and binding obligation enforceable in accordance with its terms, tax-exempt status, and all requirements for execution, delivery and performance of this Finance Contract have been, or will be, complied with in a timely manner;
 - (b) All Payments hereunder for the current fiscal period have been duly authorized and will be paid when due;
 - (c) There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization of performance of, or expenditure of funds pursuant to this Finance Contract;
 - (d) The information supplied and statements made by the District in any financial statement or current budget prior to or contemporaneously with this Finance Contract are true and correct;
 - (e) The District has complied with all bidding/proposal laws applicable to this transaction and the purchase of the Property.
 - (f) No contract, rental agreement, lease-purchase agreement, payment agreement or contract for purchase under the Act to which the District has been a party at any time during the past ten (10) years has been terminated by the District as a result of insufficient funds being appropriated in any Fiscal Year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which the District has issued during the past ten (10) years.
- 6. Use and Licenses.** The District shall pay and discharge all operating and other expenses of every nature associated with its use of the Property. The District shall obtain, at its expense, all registrations, permits and licenses, if any, required by law for the installation and operation of the Property.
- 7. Maintenance.** The District agrees to be solely responsible for all maintenance and operating costs of every nature associated with its ownership of the Property and the District acknowledges that LENDER or LENDER's successors or assigns shall have no responsibility for the payment of any such costs.
- 8. Damage to or Destruction of Property.** The District shall bear the entire risk of loss, damage, theft, or destruction of the Property from any and every cause whatsoever, and no loss, damage, destruction, or other event shall release the District from the obligation to pay the full amount of the payments or from any other obligation under this Finance Contract.
- 9. No Warranty.** EXCEPT FOR REPRESENTATIONS, WARRANTIES, AND SERVICE AGREEMENTS RELATING TO THE PROPERTY MADE OR ENTERED INTO BY THE MANUFACTURERS OR SUPPLIERS OF THE PROPERTY, IF ANY, ALL OF WHICH

ARE HEREBY ASSIGNED TO THE DISTRICT, LENDER HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE, MERCHANTABILITY, CONDITION, QUALITY OR FITNESS OF THE PROPERTY DESCRIBED IN EXHIBIT A FOR ANY PARTICULAR PURPOSE OR THE CONFORMITY OF THE PROPERTY TO SPECIFICATION OR PURCHASE ORDER. All such risks shall be borne by the District without in any way excusing it from its obligations under this Finance Contract, and LENDER shall not be liable for any damages on account of such risks. All claims or actions on any warranty so assigned shall be made or prosecuted by the District, at its sole expense, upon prior written notice to LENDER. LENDER may, but shall have no obligation whatsoever to, participate in a claim on any warranty. Any recovery under such a warranty shall be made payable jointly to both parties.

10. Evidence of Indebtedness and Security Agreement.

- (a) An executed copy of this Finance Contract shall evidence the indebtedness of the District as provided herein and shall constitute a security agreement pursuant to applicable law, with LENDER, its successors or assigns as the secured party. The grants, lien, pledge and security interest of LENDER, its successors or assigns created herein shall become effective immediately upon and from the Delivery Date, and the same shall be continuously effective for so long as any Finance Contract Payments are outstanding.
- (b) A fully executed copy of this Finance Contract and the proceedings authorizing same shall be kept at all times and shall be filed and recorded as a security agreement among the permanent records of the District. Such records shall be open for inspection to any member of the general public and to any individual, firm, corporation, governmental entity or other person proposing to do or doing business with, or having or asserting claims against the District, at all times during regular business hours.
- (c) If, in the opinion of counsel to the District or to LENDER, its successors or assigns, applicable law ever requires filings additional to the filing pursuant to subsection (b) of this section in order to preserve and protect the priority of the grants, assignments, lien, pledge and security interest of LENDER, its successors or assigns created herein as to all Payments, then the District shall diligently and regularly make such filings to the extent required by law to accomplish such result.

11. Default and Remedies.

- (a) Each of the following occurrences or events for the purpose of this Finance Contract is hereby declared to be an Event of Default:
 - (1) the failure to make a Payment when the same becomes due and payable and the continuation thereof for a period of 30 days after notice of such failure is given by LENDER to the District; or
 - (2) default in the performance or observance of any other covenant agreement or obligation of the District, which default materially, adversely affects the rights of LENDER or its successors or assigns, including, but not limited to, its prospect or ability to be repaid in accordance with this Finance Contract, and the continuation thereof for a period of 60 days after notice of such default is given by LENDER to the District.
- (b) Remedies for Default.

- (1) Upon the happening of any Event of Default, then and in every case LENDER or its successors or assigns, or an authorized representative thereof, including, but not limited to, an attorney or trustee therefor, may proceed against the District for the purpose of protecting and enforcing the rights of LENDER or its successors or assigns under this Finance Contract, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of LENDER or its successors or assigns or any combination of such remedies; provided that none of such parties shall have any right to declare the balance of the Payments to be immediately due and payable as a remedy because of the occurrence of an Event of Default.
 - (2) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy, and no delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or be construed to be a waiver thereof and all such rights and powers may be exercised as often as may be deemed expedient.
- (c) **Remedies Not Exclusive.**
- (1) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under this Finance Contract or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Finance Contract, the right to accelerate the debt evidenced by this Finance Contract shall not be available as a remedy because of the occurrence of an Event of Default.

12. Assignment. Without LENDER's prior written consent, the District will not either (a) assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Finance Contract or the Property or any interest in this Finance Contract or the Property; or (b) sublet or lend the Property or permit it to be used by anyone other than the District or the District's students and other authorized users. LENDER may assign its rights, title and interest in and to this Finance Contract, the Property and any other documents executed with respect to this Finance Contract and/or grant or assign a security interest in this Finance Contract and the Property, in whole or in part. Such successors and assigns of LENDER shall have the right to further grant or assign a security interest in this Finance Contract and the Property, as well as the rights to Payments hereunder, in whole or in part, to any third party. No assignment or reassignment of LENDER's rights, title or interest in this Finance Contract or the Property shall be effective with regard to the District unless and until the District shall have received a copy of the document by which the assignment or reassignment is made, disclosing the name and address of such assignee. The District shall maintain written records of any assignments of the Finance Contract.

13. Personal Property. The Property is and shall at all times be and remain personal property, and will not be considered a fixture to any real property.

14. LENDER's Right to Perform for The District. If the District fails to make any payment or perform or comply with any of its covenants or obligations hereunder, LENDER or LENDER's successors or assigns may, but shall not be required to, make such payment or perform or comply with such covenants and obligations on behalf of the District, and the amount of any such payment and the expenses (including but not limited to reasonable attorneys' fees) incurred by LENDER in performing or complying with such covenants and obligations, as the case may be, together with interest thereon at the highest lawful rate under the state of Texas law, shall be payable by the District upon demand.

15. Interest on Default. If the District fails to pay any Payment specified herein within thirty (30) days after the due date thereof, the District shall pay to LENDER interest on such delinquent payment at the highest rate allowed by Texas law.

16. Notices. Any notices to be given or to be served upon any party hereto in connection with this Finance Contract must be in writing and may be given by certified or registered mail, and shall be deemed to have been given and received forty-eight (48) hours after mailing. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Finance Contract or at such other address as either party may hereafter designate.

17. Prepayment.

(a) The District may pay without penalty all or a portion of the amount owed earlier than it is due as described below. Prepayment in full shall consist of payment of the unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which borrower is responsible under this Finance Contract or any other agreement with Lender pertaining to this Finance Contract, and in no event will Borrower ever be required to pay any unearned interest. Prepayment of the principal balance in whole at any time at par shall be available at the option of the District at any time.

18. Continuing Disclosure. The District agrees to provide audited financial statements, prepared by a certified public accountant not later than six (6) months after and as of the end of each fiscal year. Periodic financial statements shall include a combined balance sheet as of the end of each such period, and a combined statement of revenues, expenditures and changes in fund balances, from the beginning of the then fiscal year to the end of such period. These reports must be certified as correct by one of the District's authorized agents. If the District has subsidiaries, the financial statements required will be provided on a consolidated and consolidation basis.

19. Tax Exemption.

(a) The District certifies that it does not reasonably anticipate more than \$10,000,000 of "tax-exempt obligations," including this Finance Contract will be issued by it and any subordinate entities during the 2018 calendar year. Further, the District designates this Finance Contract as "qualified tax exempt obligations" under Section 265 (b) 3 of the Internal Revenue Code of 1986, as amended (the "Code") eligible for the exception contained in Section 265 (b) 3 (D) of the Code allowing for an exception to the general rule of the Code which provides for a total disallowance of a deduction for interest expense allocable to the carrying of tax exempt obligations.

(b) The District hereby represents and covenants that the proceeds of this Finance Contract are needed at this time to provide funds for the District's purchase of the property for which this Finance Contract was executed and delivered, as specified

in this Finance Contract; that (i) final disbursement of the proceeds of this Finance Contract will occur within three years from the Delivery Date, (ii) substantial binding obligations to expend at least five (5) percent of the net proceeds will be incurred within six months after the Delivery Date and (iii) the acquisition of such property will proceed with due diligence to completion; and that, except for the Payment Fund, no other funds or accounts have been or will be established or pledged to the payment of this Finance Contract.

- (c) The District will not directly or indirectly take any action or omit to take any action, which action or omission would cause the Finance Contract to constitute a "*private activity bond*" within the meaning of Section 141(a) of the Code.
- (d) The District will not take any action or fail to take any action with respect to the investment of the proceeds of this Finance Contract or any other funds of the District, including amounts received from the investment of any of the foregoing, that would cause this Finance Contract to be an "*arbitrage bond*" within the meaning of such section 148 of the Code.
- (e) There are no other obligations of the District which are sold at substantially the same time as the Finance Contract, sold pursuant to the same plan of financing with the Finance Contract and are reasonably expected to be paid from substantially the same source of funds as the Finance Contract.
- (f) The District will not take any action, or as the case may be, knowingly omit to take any action within its control that, if taken or omitted, as the case may be, would cause the Finance Contract to be treated as "*federally guaranteed*" obligations for purposes of Section 149(b) of the Code.
- (g) The District will take all necessary steps to comply with the requirement that certain amounts earned by the District on the investment of the "gross proceeds" of the Finance Contract (within the meaning of Section 148(f)(6)(B) of the Code), if any, be rebated to the federal government.
- (h) The District will timely file with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Finance Contract on such form and in such place as the Secretary may prescribe.

Notwithstanding any other provision of this Finance Contract, the District's obligation under the covenants and provisions of this Section 19 shall survive the discharge of this Finance Contract.

20. Miscellaneous.

- (a) Time is of the essence. No covenant or obligations hereunder to be performed by the District are waived, except by the written consent of LENDER or its successors or assigns. LENDER's or its successors or assigns' rights hereunder are cumulative and not alternative.
- (b) This Finance Contract shall be construed in accordance with, and governed by the laws of the State of Texas.
- (c) This Finance Contract constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, altered or changed in any respect except by a written document signed by both LENDER and the District.
- (d) Any term or provision of this Finance Contract found to be prohibited by law or unenforceable shall not affect the legality of the remainder of this Finance Contract.

- (e) Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever appropriate.
- (f) The captions set forth herein are for convenience of reference only, and shall not define or limit any of the terms or provisions hereof.
- (g) Except as otherwise provided, this Finance Contract shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, where permitted by this Finance Contract.

The below parties have executed this Finance Contract as of the ____ day of May in the year 2018.

LENDER

Mary Parrish Coley
Senior Vice President
Branch Banking and Trust Company
5130 Parkway Plaza Blvd.
Charlotte, North Carolina 28217

HILLSBORO INDEPENDENT SCHOOL DISTRICT

Vicki Adams
Superintendent of Schools
121 E. Franklin Street
Hillsboro, Texas 76645

EXHIBIT A
DESCRIPTION OF PROPERTY

PUBLIC PROPERTY FINANCE ACT CONTRACT (THE "FINANCE CONTRACT")

BY AND BETWEEN

LENDER and the HILLSBORO INDEPENDENT SCHOOL DISTRICT

Dated as of the 21st day of May 2018

DESCRIPTION

DISTRICT PORTABLE BUILDINGS

EXHIBIT B
SCHEDULE OF PAYMENTS & OPTION TO PURCHASE
PRICE

PUBLIC PROPERTY FINANCE ACT CONTRACT (THE "FINANCE CONTRACT")
 BY AND BETWEEN
 LENDER and the HILLSBORO INDEPENDENT SCHOOL DISTRICT

Dated as of May 21, 2018

PMT NO.	PMT DATE MO. DAY YR	TOTAL PAYMENT	INTEREST PAID	PRINCIPAL PAID	REMAINING BALANCE after pmt on this line
	05/21/2018				\$126,875.00
1	02/15/2019	\$44,820.18	\$3,200.38	\$41,619.80	\$85,255.20
2	02/15/2020	\$44,820.18	\$2,907.20	\$41,912.98	\$43,342.22
3	02/15/2021	\$44,820.18	\$1,477.96	\$43,342.22	\$0.00
TOTAL		\$134,460.54	\$7,585.54	\$126,875.00	

INTEREST: 3.41%

Accepted by the District:

 Vicki Adams, Superintendent of Schools

INCUMBENCY CERTIFICATE
PUBLIC PROPERTY FINANCE ACT CONTRACT NO. NEWTONISD2018
(THE "FINANCE CONTRACT")
BY AND BETWEEN

Branch Banking and Trust Company ("BB&T") and Hillsboro Independent School District
Dated as of May 21, 2018

1. I, John Sawyer, do hereby certify that I am the duly elected or appointed and acting Secretary of the Board, of Hillsboro Independent School District an independent school district duly organized and existing under the laws of the State of Texas, that I have custody of the records of such entity, and that, as of the date hereof, the individual(s) named below are the duly elected or appointed officer(s) of such entity holding the office(s) set forth opposite of their respective name(s). I further certify that (i) the signature(s) set opposite of their respective name(s) and title(s) are their true and authentic signature(s), and (ii) such officers have the authority on behalf of such entity to enter into that certain Public Property Finance Act Contract No. HILLSBOROISD2018, between Hillsboro Independent School District ("District") and Branch Banking and Trust Company ("BB&T").

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>Vicki Adams</u>	<u>Superintendent</u>	_____

2. The assessed value of all taxable property (net of exemptions) in the District, as shown by the tax rolls for the year 2017, which have been duly approved and are the latest official assessment of taxable property in the District is \$597,783,415. The most recent maintenance tax rate of the District is \$1.15. The following calculations demonstrate the District's ability to pay the Finance Contract in accordance with the Attorney General Instructions:

Contractual Obligation Test

Max Debt Service < [(2005 MT rate)(.66) + .04{only if distract has elected extra 4 cents}](.20)
(TAV/100)(collection factor)

$\$44,820.18 < [(\$1.500) \times (0.66) + \$0.04](\times 0.20) \times (\$597,783,415/100) \times (98\%)$

$\$44,820.18 < \$ 1,206,805.16$

IN WITNESS WHEREOF, I have duly executed this certificate hereto this ____ day of May, 2018

By: _____
John Sawyer, Secretary of the Board

PURCHASER REPRESENTATION LETTER

May 21, 2018

Hillsboro Independent School District
ATTN: Vicki Adams, Superintendent
121 E. Franklin Street
Hillsboro, Texas 76645

RE: Hillsboro Independent School District Public Property Finance Act Contract, Series 2018
(the "Note")

Ladies and Gentlemen:

We have agreed to purchase, and the Hillsboro Independent School District (the "District") has agreed to sell to us, the captioned Note at the purchase price of \$126,875.00. Such Note will bear the terms, redemption provisions, if any, and be secured as described in the District's Resolution authorizing the same adopted this date, all subject to receipt by you and by us of such opinions, certificates, and other documents as you or we may reasonably require to establish the validity and legality of the Note.

We hereby represent and affirm that:

1. We are a state bank, national bank or other financial institution that: (a) regularly extends credit to state and local government by the purchase of debt obligations such as the Note; (b) has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the economic risks and merits of the investment represented by the purchase of the Note; and (c) has the ability to bear the economic risk of extending credit to the District as evidenced by the Note.

2. We understand and intend that our purchase of the Note shall constitute a commercial loan transaction and not the purchase of a "security" or a "municipal security" within the meaning of applicable state and federal securities law. In purchasing the Note, we are acting for our own account as a commercial lender and not as a broker, dealer, municipal securities dealer, municipal advisor or fiduciary. The District's acceptance and agreement to this Purchaser Representation Letter shall evidence its understanding and agreement with the representations, understanding and intention set forth in this paragraph.

3. We have made our own inquiry and analysis with respect to the Note and the security therefor, and other material factors affecting the security and payment of the Note, and we have not relied upon any statement by you, your officers, directors, or employees, or your financial consultants or legal advisors in connection with such inquiry or analysis or in connection with the offer and sale of the Note.

4. We have either been furnished with or have had access to all information that we have deemed necessary with respect to the District and its operations, financial condition and financial prospects in order to enable us to make an informed decision to extend credit to the District through our purchase of the Note, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the purpose for which the proceeds of the Note will be utilized, and the security therefor.

5. We are purchasing the Note for our own account as a means of providing credit and a loan to the District and not with a view to, and with no present intention of, selling, pledging, transferring, conveying, hypothecating, mortgaging, disposing, reoffering, distributing, or reselling the Note, or any part

or interest thereof; provided that we retain the right at any time to dispose of the Note or any interest therein or portion thereof, but agree that any such sale, transfer or participation shall be made (a) in accordance with applicable law and the provisions of the Note and related documents, and (b) only to banks or other lenders that (i) are experienced in extending credit to state and local governments such as the District and (ii) that adopt and make, in writing to us and to you, the representations contained in this Purchaser Representation Letter to the same extent as if such paragraphs referred to such person.

6. We further acknowledge and agree that we are responsible for consulting with our advisors concerning any obligations, including but not limited to any obligations pursuant to federal and state securities and income tax laws, that we may have with respect to any future disposition of the Note.

7. As a condition precedent to funding, we shall require the District to provide documentation satisfactory to our counsel as follows:

- (a) Resolution adopted by the governing body of the District which contains all relevant provisions governing the financing (rate, term, amortization, security, designation of the Note as qualified tax-exempt obligations, to the extent applicable, and all other conditions, warranties and covenants as are usual and customary for transactions of the same general type including the covenant to provide us audited financial statements within 270 days of the District's fiscal year end in each year that the Note is outstanding);
- (b) Opinion of bond counsel as to the enforceability of the Note and the tax-exempt status of the interest on the Note;
- (c) A certificate or certificates, dated the date of closing, of appropriate officials of the District, to the effect that (i) the District is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District and (ii) there has not been any materially adverse change in the financial condition of the District since August 31, 2017, the latest date as of which audited financial information is available.

Very truly yours,

BRANCH BANKING AND TRUST COMPANY

By: _____
Name: Mary Parrish Coley
Title: Senior Vice President

AGREED TO AND ACCEPTED THIS 21st day of May, 2018.

HILLSBORO INDEPENDENT SCHOOL DISTRICT

Vicki Adams, Superintendent

TAX AND NO-ARBITRAGE CERTIFICATE

The undersigned, being a duly authorized officer of the Hillsboro Independent School District (the "Issuer"), hereby certifies with respect to the Issuer's Public Property Finance Act Contract No. HILLSBOROISD2018, (the "Obligations"), issued in the aggregate principal amount of \$126,875.00, as follows:

1. General.

1.1 This certificate is made pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), and Sections 1.141-2(d)(2) and 1.148-2(b)(2) of the Income Tax Regulations (the "Regulations") to establish the reasonable expectations of the Issuer with respect to the amount, use, and investment of the proceeds of the Obligations.

1.2 The Obligations are being issued pursuant to a resolution of the Issuer dated May 14, 2018 (the "Resolution"), which is incorporated herein by reference as though set forth in full in this certificate. Capitalized terms used and not otherwise defined herein shall have the same meaning as those set forth in the Resolution.

1.3 This certificate is based on the following facts and estimates in existence on the date hereof, which is the date of delivery of the Obligations to the initial purchaser thereof, and on the basis of such facts and estimates, the Issuer expects that the events described herein will occur. To the best of the undersigned's knowledge, information and belief, the expectations contained in this certificate are reasonable.

1.4 The undersigned is one of the officers of the Issuer responsible for issuing the obligations.

2. Purpose.

2.1 The Obligations are being issued to provide funds for the following purposes: (i) to make certain capital expenditures as specified in the Resolution (the "Project") and (ii) to pay the costs of issuing the Obligations.

2.2 The proceeds of the Obligations, together with any investment earnings thereon, are not expected to exceed the amount necessary for the governmental purposes of the Obligations.

2.3 The term of the Obligations will be no longer than is reasonably necessary for the governmental purpose of the Obligations. The weighted average maturity of the Obligations is not greater than 120% of the average reasonably expected economic life of the property financed with the proceeds of the Obligations.

3. Proceeds.

3.1 The Obligations have been sold to the Lender, for a price of \$126,875.00, representing the principal amount of the Obligations.

3.2 The proceeds of the Obligations will be applied as follows:

- (a) \$1,875.00 will be used to pay costs of issuance for the Obligations.
- (b) \$125,000.00 will be deposited into a project fund to be used for payment of the costs of project.

4. Reimbursement.

No proceeds of the Obligations will be used to reimburse funds expended prior to the delivery date of the Obligations.

5. Invested Sinking Fund Proceeds, Replacement Proceeds.

In addition to the money received from the sale of the Obligations, the Issuer has certain other money that is held or invested in various funds which are pledged or otherwise needed for various lawful purposes. These other funds are not available to be used to accomplish the purposes described in Section 2 of this certificate and are not reasonably expected to be used to pay debt service on the Obligations. There are no other funds, accounts, or property which the Issuer reasonably expects to be available to pay the principal of or interest on the Obligations except as described in Section 6.

6. Temporary Period for Capital Projects.

6.1 All of the net sales proceeds deposited to the project fund as described in Section 3.2(b) hereof, together with the investment earnings thereon, are expected to be allocated to expenditures on the Project within three years after the date of issue of the Obligations.

6.2 Within six months after the date of issue of the Obligations, the Issuer will have incurred a substantial binding obligation to a third party to expend at least 5% of the net sales proceeds of the issue on the Project.

6.3 After the substantial binding obligation to commence the Project is incurred, completion of the Project and the allocation of the net sales proceeds of the Obligations to expenditures will proceed with due diligence.

6.4 Until the third anniversary of the date of issuance of the Obligations, all of the proceeds deposited to the project fund as described in Section 3.2(b) hereof, and the investment earnings thereon, will be invested without regard to the rate of investment return.

7. Rebate of Arbitrage Profits.

The Issuer has covenanted to comply with the provisions of section 148(t) of the Code (relating to paying certain excess earnings on investments of the proceeds to the United States of America) and the regulations promulgated thereunder. This covenant includes the maintenance of adequate records regarding investments acquired with the proceeds by or on behalf of the Issuer to calculate its rebate liability

8. Small Issuer Exception to Rebate.

Section 148(f) of the Code provides that if each of the conditions specified in paragraphs (a) through (d) set forth below are applicable to the Issuer and the Obligations, the Issuer will not be required to rebate excess arbitrage profits to the United States. The Issuer hereby represents that the following conditions of this Section are applicable to the Issuer and the Obligations:

- (a) the Issuer is a governmental unit with general taxing powers;
- (b) the Obligations are not private activity bonds within the meaning of Section 141(1) of the Code;

- (c) 95% or more of the net proceeds of the Obligations will be used for local governmental activities of the Issuer; and
- (d) the aggregate face amount of all tax-exempt obligations, other than private activity bonds, issued by the Issuer, and all subordinate entities thereof, if any, during the calendar year in which the Obligations are issued is not reasonably expected to exceed \$5,000,000.

9. Qualified Tax-Exempt Obligations.

The Obligations are designated "qualified tax-exempt obligations" for the purposes of section 265(b)(3) of the Code:

- (a) The Obligations are not private activity bonds within the meaning of section 141(a) of the Code;
- (b) The Issuer reasonably anticipates that the aggregate amount of all tax-exempt obligations which will be issued by the Issuer, and all of its subordinate entities, if any, during the calendar year does not exceed \$10,000,000; and
- (c) The Issuer, and all of its subordinate entities, if any, will not designate more than \$10,000,000 in aggregate amount of qualified tax-exempt obligations during the calendar year in which the Obligations are issued.

10. No Abusive Arbitrage Device.

10.1 In connection with the issuance of the Obligations, the Issuer has not employed any abusive arbitrage device which:

- (a) overburdened the tax-exempt bond market by issuing more Obligations, issuing Obligations earlier, or allowing Obligations to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Obligations, and
- (b) enabled the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage.

12.2 In connection with the issuance of the Obligations, the Issuer has not employed any device to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

11. Obligations Are Not Private Activity Bonds.

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

11.2 The Issuer reasonably expects that no action or event during the entire stated term of the Obligations will cause either the private business tests or the private loan financing test to be met.

Dated as of May 21, 2018

HILLSBORO INDEPENDENT SCHOOL DISTRICT

By: _____
Vicki Adams, Superintendent of Schools

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)

► See separate instructions.

Department of the Treasury
Internal Revenue Service

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>
1 Issuer's name Hillsboro Independent School District		2 Issuer's employer identification number (EIN) <input type="checkbox"/>
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a
4 Number and street (or P.O. box if mail is not delivered to street address) 121 E. Franklin Street	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Hillsboro, Texas 76645		7 Date of issue 05/21/2018
8 Name of issue Hillsboro ISD Public Property Finance Act Contract 2018 (Contract No. HILLSBOROISD2018)		9 CUSIP number
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Vicki Adams, Superintendent		10b Telephone number of officer or other employee shown on 10a (254) 582-8585

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.		
11 Education	11	
12 Health and hospital	12	
13 Transportation	13	
14 Public safety	14	
15 Environment (including sewage bonds)	15	
16 Housing	16	
17 Utilities	17	
18 Other. Describe ► Public Property Finance Act Contract	18	\$126,875 .00
19 If obligations are TANs or RANs, check only box 19a		<input type="checkbox"/>
If obligations are BANs, check only box 19b		<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box		<input type="checkbox"/>

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	02/15/2021	\$ 126,875.00	\$ N/A	1.75 years	3.41 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)					
22	Proceeds used for accrued interest	22	\$0		
23	Issue price of entire issue (enter amount from line 21, column (b))	23	\$126,875		.00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	\$0		
25	Proceeds used for credit enhancement	25	\$0		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	\$0		
27	Proceeds used to currently refund prior issues	27	\$0		
28	Proceeds used to advance refund prior issues	28	\$0		
29	Total (add lines 24 through 28)	29	\$126,875		.00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30			

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.	
31	Enter the remaining weighted average maturity of the bonds to be currently refunded ► _____ years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded ► _____ years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) ► _____
34	Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input checked="" type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	_____ Signature of issuer's authorized representative	05/21/2018 Date	_____ Superintendent Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Firm's name ▶	Firm's EIN ▶		PTIN
	Firm's address ▶	Phone no.		

CLOSING CERTIFICATE

STATE OF TEXAS §
COUNTY OF HILL §
HILLSBORO INDEPENDENT SCHOOL DISTRICT §

I, the undersigned, Superintendent of the Hillsboro Independent School District (the “District”), do hereby certify that:

- (1) The District is not a party to any litigation or other proceeding pending or, to our knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District; and

- (2) There has not been any materially adverse change in the financial condition of the District since August 31, 2017, the latest date as of which audited financial information is available.

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DATED AND DELIVERED, this 21st day of May, 2018.

HILLSBORO INDEPENDENT SCHOOL DISTRICT

Vicki Adams, Superintendent