

Transcript of Proceedings  
relating to  
\$1,375,000  
SABINE COUNTY, TEXAS  
TAX NOTE, SERIES 2026

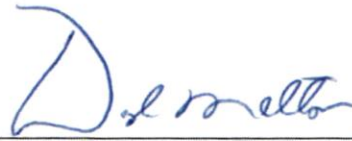
Closing Date: May 21, 2026

TABLE OF CONTENTS

1. Certified Order Authorizing the Issuance of the Note
2. Purchase Agreement
3. Paying Agent/Registrar Agreement
4. General Certificate
5. Approving Opinion of Attorney General of Texas and Certificate of Registration of Comptroller of Public Accounts
6. Federal Tax Certificate
7. IRS Form 8038-G
8. Paying Agent/Registrar's Receipt and Delivery Certificate
9. Purchaser's Receipt
10. Issuer's Receipt of Payment
11. Initial Note
12. Closing Certificate
13. Opinion of Bond Counsel



SIGNED AND SEALED this April 27, 2026.



County Judge



County Clerk



ORDER AUTHORIZING THE ISSUANCE OF SABINE COUNTY, TEXAS TAX NOTE, SERIES 2026; AWARDING THE SALE THEREOF; MAKING PROVISIONS FOR THE PAYMENT AND SECURITY THEREOF; AND ORDERING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS  
COUNTY OF SABINE

§  
§

WHEREAS, pursuant to Chapter 1431, Texas Government Code, hereinafter called the "Act", the Commissioners Court is authorized and empowered to issue a note to pay contractual obligations incurred or to be incurred (i) for the construction of any public work, (ii) for the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the County's authorized needs and purposes, and (iii) for professional services, including services provided by tax appraisal engineers, engineers, architects, attorneys, mapmakers, auditors, financial advisors, and fiscal agents; and

WHEREAS, in accordance with the provisions of the Act and the recommendation of the County Auditor, the Commissioners Court hereby finds and determines that a note should be issued and sold at this time to finance the costs of paying contractual obligations for the purposes hereinafter provided;

WHEREAS, the governing body of the Issuer deems it appropriate and in the best interest of the Issuer to adopt this Order and issue the Sabine County, Texas Tax Note, Series 2026 in the principal amount of \$1,375,000 (the "Note") herein authorized as permitted by the Act; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Order has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Order, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code.

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

Section 1. AMOUNT AND PURPOSE OF THE NOTE. The Note of Sabine County (the "Issuer") is hereby authorized to be issued and delivered in the aggregate principal amount of \$1,375,000, for the purpose of purchasing machines and equipment, including motor graders, trucks, and mowers, and for paying the costs of issuance of the Note.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES OF NOTE.

(a) Each Note issued pursuant to this Order shall be designated: "SABINE COUNTY, TEXAS TAX NOTE, SERIES 2026," and initially there shall be issued, sold, and delivered hereunder one fully registered note, without interest coupons, dated May 21, 2026, in the denomination and principal amount of \$1,375,000, numbered R-1, with any note issued in replacement thereof being in the denomination of the full principal amount of the series of which this Note is issued and numbered consecutively from R-2 upward, payable in installments to the registered owner thereof, or to the registered assignee of said Note (in each case, the "Registered Owner").

(b) Principal of the Note shall mature and be payable in installments on the dates and in the principal installment amounts and shall bear interest at the per annum rate set forth in the following schedule:

<u>Payment Date (3/1)</u>	<u>Principal Installment (\$)</u>	<u>Interest Rate (%)</u>
2027	160,000	3.940
2028	185,000	3.940
2029	190,000	3.940
2030	200,000	3.940
2031	205,000	3.940
2032	215,000	3.940
2033	220,000	3.940

(c) Said interest shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Order.

(d) The term "Note" as used in this Order shall mean and include collectively the note initially issued and delivered pursuant to this Order and any substitute note exchanged therefor, as well as any other substitute note and replacement note issued pursuant hereto.

### Section 3. INTEREST.

(a) Interest Payable. The Note shall bear interest from the date of delivery of the Note specified in the FORM OF NOTE set forth in this Order, calculated on the basis of a 360 day year composed of twelve 30-day months, and shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Order.

(b) Determination of Taxability. In the event the interest on the Note should cease to be tax-exempt under the Code (a "Determination of Taxability"), the interest rate during the period that such interest is not so exempt (which may be retroactive) shall be adjusted upward to a rate equal to the rate of interest that would provide the beneficial owner with an after-tax yield on the then outstanding principal amount of the Note equal to the after-tax yield such beneficial owner would have received if such Determination of Taxability had not occurred.

### Section 4. CHARACTERISTICS OF THE NOTE.

(a) Appointment of Paying Agent/Registrar. The Issuer hereby appoints Zions Bancorporation, N.A. to serve as paying agent and registrar for the Note (the "Paying Agent/Registrar"). The County Judge is authorized and directed to execute and deliver in the name on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar in substantially the form presented at this meeting.

(b) Registration, Transfer and Exchange. The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer and exchange of the Note (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Note to which payments with respect to the Note 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 Issuer 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 Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Note. Registration of assignments, transfers and exchanges of a Note shall be made in the manner provided and with the effect stated in the FORM OF NOTE set forth in this Order. Each substitute Note shall bear a letter and/or number to distinguish it from each other Note.

(c) Authentication. Except as provided in subsection (i) of this section, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign the Paying Agent/Registrar's Authentication Certificate appearing on said Note, and no such Note shall be deemed to be issued or outstanding unless such Paying Agent/Registrar's Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel the paid Note and the Note surrendered for exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing exchange of any Note or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Note in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of exchange of the Note as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Note, the exchanged Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note which initially was issued and delivered pursuant to this Order, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(d) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Order. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Note, and of all exchanges of the Note, and all replacements of the Note, 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 Issuer. 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 (5) business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of the 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.

(e) Payment to Registered Owner. Notwithstanding any other provision of this Order to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Note is registered in the Registration Books as the absolute owner of such Note for the purpose of payment of principal and interest with respect to such Note, for the purpose of registering transfers with respect to such Note, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Note only to or upon the order of the Registered Owner, 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 Issuer's obligations with respect to payment of principal of and interest on the Note to the extent of the sum or sums so paid. No person other than the Registered Owner, as shown in the Registration Books, shall receive a Note certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Order.

(f) Paying Agent/Registrar. The Issuer covenants with the Registered Owner of the Note that at all times while the Note is outstanding the Issuer will provide a competent and legally qualified bank, trust

company, financial institution or other entity to act as and perform the services of Paying Agent/Registrar for the Note under this Order, and that the Paying Agent/Registrar will be one entity.

(g) Substitute Paying Agent/Registrar. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than twenty (20) days written notice to the Paying Agent/Registrar, to be effective not later than fifteen (15) days prior to 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 Issuer 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 Note, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the Registered Owner of the Note, 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.

(h) General Characteristics of the Note. The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Note to be payable only to the Registered Owner thereof, (ii) may be transferred and assigned, (iii) shall have the characteristics, (iv) shall be signed, sealed, executed and authenticated, (v) the principal of and interest on the Note shall be payable, and (vi) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Note, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Order. The Note initially issued and delivered pursuant to this Order is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in exchange for any Note under this Order the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate, in the FORM OF NOTE set forth in this Order.

(i) Delivery of Initial Note. On the closing date, one initial Note representing the entire principal amount of the Note, payable in stated installments to the purchaser designated in Section 13 or its designee, executed by manual or facsimile signature of the County Judge and County Clerk of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to such purchaser or its designee.

Section 5. FORM OF NOTE. The form of the Note, 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 Note 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 NOTE

NO. R-1

UNITED STATES OF AMERICA  
STATE OF TEXAS

PRINCIPAL  
AMOUNT  
\$1,375,000

SABINE COUNTY, TEXAS  
TAX NOTE  
SERIES 2026

INTEREST RATE	DELIVERY DATE
As shown below	May 21, 2026

REGISTERED OWNER:        ZIONS BANCORPORATION, N.A.

PRINCIPAL AMOUNT:        ONE MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

SABINE COUNTY, TEXAS (the "Issuer"), being a political subdivision of the State of Texas, Texas, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assign (the "Registered Owner"), the principal amount specified above, and to pay interest thereon, from the Delivery Date set forth above, on the balance of said principal amount from time to time remaining unpaid, at the rates per annum set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The unpaid principal of this Note shall mature and shall be paid in installments on the dates and in the amounts set forth in the table below:

Payment Date (3/1)	Principal Installment (\$)	Interest Rate (%)
2027	160,000	3.940
2028	185,000	3.940
2029	190,000	3.940
2030	200,000	3.940
2031	205,000	3.940
2032	215,000	3.940
2033	220,000	3.940

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this Note on March 1, 2027, and on each September 1 and March 1 thereafter to the date of maturity or redemption prior to maturity. The last principal installment of this Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity, or upon the date fixed for its redemption prior to maturity, at the principal office of Zions Bancorporation, N.A., which is the "Paying Agent/Registrar" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each principal and interest payment date by wire, check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the order authorizing the Note (the "Note Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such wire, check or draft shall be sent by the Paying Agent/Registrar by wire transfer pursuant to instructions provided by the Registered Owner hereof or by United States mail, first-class postage

prepaid, on each such payment date, to the Registered Owner hereof, at its address as it appeared on the 15<sup>th</sup> calendar day of the month next preceding each such date, regardless of whether such day is a business day (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and 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 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) 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 owner of a Note appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

UPON THE PAYMENT or partial redemption of the principal installments of this Note, the Paying Agent/Registrar shall note in the Payment Record appearing on a copy of this Note the amount of each such payment, the date said payment was made and the remaining unpaid principal balance of this Note and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Note Registration Books.

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

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

THIS NOTE is dated May 21, 2026, authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$1,375,000, for the public purpose of purchasing machines and equipment, including motor graders, trucks, and mowers, and for paying costs of issuance of the Note.

ON ANY DATE, the unpaid principal installments of this Note may be redeemed prior to their scheduled maturity, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular principal installments or portions thereof, to be redeemed shall be selected and designated by the Issuer, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

AT LEAST thirty (30) days prior to the date fixed for any optional redemption of this Note or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of this Note at its address as it appeared on the Registration Books on the day such notice of redemption is mailed; provided, however, that the failure of the Registered Owner to 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 this Note. 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 this Note or portions thereof which are to be so redeemed. If such written notice of redemption is sent, if due provision for such payment is made and the redemption price is paid to the Registered Owner hereof, all as provided above, this Note or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding.

UPON THE PREPAYMENT or partial redemption of this Note, the Paying Agent/Registrar, shall note in the Payment Record appearing on a copy of this Note the amount of such prepayment, the date said payment was made and the remaining unpaid principal balance of this Note and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Registration Books, and the Paying Agent/Registrar shall also record in the Registration Books and on the Payment Record all payments of principal installments on such Note when made on their respective due dates.

THIS NOTE IS ISSUABLE solely as a fully registered note, without interest coupons in the denomination of \$1,375,000. As provided in the Note Order, this Note, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of a fully registered Note, without interest coupons, payable to the Registered Owner or assignee, as the case may be, having the same denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Note Order. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in the form attached to this Note and with guarantee of signatures, evidencing assignment of this Note to the assignee in whose name this Note hereof is to be registered. The form of Assignment printed or endorsed on this Note 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 Note by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring and exchanging any Note will be paid by the Issuer. 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 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 or exchange (i) during the period commencing with 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) within ten (10) days prior to a redemption date.

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

THIS NOTE shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Order until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts.

IT IS HEREBY certified, recited, and covenanted that this Note has been duly and validly authorized, issued, sold, 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 Note 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 Note, as such interest and principal come due, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law.

THE ISSUER HAS RESERVED THE RIGHT to amend the Note Order as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owner of this Note.

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

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

\_\_\_\_\_  
(Signature)  
County Clerk

\_\_\_\_\_  
(Signature)  
County Judge

(SEAL)

The following shall be printed on the bottom of said Note:

“The Note was delivered to and paid for by the Purchaser thereof on May 21, 2026.”

FORM OF PAYMENT RECORD

PAYMENT RECORD

Date of Payment	Principal Payments (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer Making Entry	Signature of Authorized Officer

FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER OF PUBLIC ACCOUNTS

COMPTROLLER'S                      REGISTRATION                      CERTIFICATE:                      REGISTER  
NO.

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

Witness my signature and seal this \_\_\_\_\_.

\_\_\_\_\_  
Acting Comptroller of Public Accounts of the  
State of Texas

(COMPTROLLER'S SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE  
(To be executed if this Note 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 Note has been issued under the provisions of the Note Order described on the face of this Note; and that this Note has been issued in exchange for or replacement of a Note of an issue 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: \_\_\_\_\_.

Zions Bancorporation, N.A.  
Salt Lake City, Utah  
Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Representative

FORM OF ASSIGNMENT  
(Please print or type clearly)

FOR VALUE RECEIVED, the undersigned Registered Owner of this Note, or duly authorized representative

or attorney thereof, hereby assigns this Note to: \_\_\_\_\_

\_\_\_\_\_  
Assignee's Social Security or Taxpayer Identification Number: \_\_\_\_\_

Assignee's Name and Address Including Zip Code: \_\_\_\_\_

and hereby irrevocably constitutes and appoints: \_\_\_\_\_

\_\_\_\_\_, attorney, to transfer the registration of this Note on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: \_\_\_\_\_.

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

\_\_\_\_\_  
NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Note

[END OF FORM OF NOTE]

Section 6. INTEREST AND SINKING FUND. The Sabine County, Texas Tax Note, Series 2026 Interest and Sinking Fund, hereinafter called the "Interest and Sinking Fund" is hereby authorized and shall be established and maintained in a depository bank of the Issuer, as a separate fund or account, so long as the Note, or interest thereon, is outstanding and unpaid. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer, and shall be used only for paying the interest on and principal of the Note.

Section 7. TAX LEVY. All ad valorem taxes levied and collected for and on account of said Note shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of said Note is outstanding and unpaid, the governing body of said Issuer 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 said Note as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of such Note as such principal matures or comes due (but never less than 2% of the original principal amount of said Note as a Sinking Fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied and is hereby ordered to be levied, against all taxable property in said Issuer for each year while any of said Note is outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Note, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. Notwithstanding the requirements of this section, if lawfully available moneys of the Issuer are on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to this section may be reduced to the extent and by the amount of the lawfully available funds then on deposit in the Interest and Sinking Fund.

SECTION 8. SECURITY INTEREST. Chapter 1208, Government Code, applies to the issuance of the Note and the pledge of the taxes granted by the Issuer under this Order, and such pledge of the taxes granted by the Issuer under this Order is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Note is outstanding and unpaid, the result of such amendment being that the pledge of the taxes granted by the Issuer under this Section is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the Registered Owner of the Note a security interest in said pledge, the Issuer agrees to take such measures as it or the holder of the Note determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and, if necessary, the Issuer shall enable a filing of a security interest in said pledge to occur.

Section 9. DEFEASANCE OF NOTE.

(a) Any Note and the interest thereon shall be deemed to be paid, retired, and no longer outstanding (a "Defeased Note") within the meaning of this Order, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, 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 in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities, certified by an independent public accounting firm, that 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 Issuer with the Paying Agent/Registrar for the payment of its services until the Defeased Note shall have become due and payable. At such time as a Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the taxes levied and pledged as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem a Defeased Note that is made in conjunction with the payment arrangements specified in subsections (a)(i) or (ii) of this Section shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Note for redemption; (2) gives notice of the reservation of that right to the owner of the Defeased Note immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer also be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Defeased Note and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of the Defeased Note may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsections (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Note, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Note.

(d) Until the Defeased Note shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Note the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Order.

Section 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTE.

(a) Replacement Note. In the event any outstanding Note is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Note of the

same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Note, in replacement for such Note in the manner hereinafter provided.

(b) Application for Replacement Note. Application for replacement of a damaged, mutilated, lost, stolen, or destroyed Note shall be made by the Registered Owner thereof to the Paying Agent/ Registrar. In every case of loss, theft, or destruction of a Note, the Registered Owner applying for a replacement Note shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them in their reasonable discretion 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 Note, the Registered Owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their reasonable satisfaction of the loss, theft, or destruction of such Note, as the case may be. In every case of damage or mutilation of a Note, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Note so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Note shall have matured, and no default has occurred which is then continuing in the payment of the principal or interest on this Note, the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Note) instead of issuing a replacement Note, provided security or indemnity is furnished as above provided in this Section 10.

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

(e) Authority for Issuing Replacement Note. In accordance with Chapter 1206.022, Texas Government Code, this Section of this Order shall constitute authority for the issuance of any such replacement Note without necessity of further action by the Issuer or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 4(b) of this Order for a Note issued in exchange of another Note.

#### Section 11. CUSTODY, APPROVAL, AND REGISTRATION OF NOTE; BOND COUNSEL'S OPINION AND ENGAGEMENT OF BOND COUNSEL.

(a) The County Judge of the Issuer is hereby authorized to have control of the Note initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and its investigation, examination, and approval by the Attorney General of the State of Texas, and its registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Note said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel may, at the option of the Issuer, be printed on the Note 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 Owner of the Note.

(b) The obligation of the initial purchaser to accept delivery of the Note is subject to, among other things, the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of

initial delivery of the Note to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Note is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the County Judge, and the County Judge is hereby authorized to execute such engagement letter.

Section 12. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTE.

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Note as an obligation 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 Issuer covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Note (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 Issuer, 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 Note, 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 Note 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" that 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 that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Note (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 that would otherwise result in the Note being treated as a "private activity bond" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Note 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 Note, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Note, other than investment property acquired with –

(A) proceeds of the Note invested for a reasonable temporary period of 3 years or less or, in the case of an advance refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Note is issued, and in the case of a current refunding bond, for a period of 90 days or less,

(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 Note;

(7) to otherwise restrict the use of the proceeds of the Note or amounts treated as proceeds of the Note, as may be necessary, so that the Note does 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);

(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 Note) 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 Note has 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; and

(9) to assure that the proceeds of the Note will be used solely for new money projects.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (a)(8), a "Rebate Fund" is hereby established by the Issuer 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 Registered Owner. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Use of Proceeds. The Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations (hereinafter defined). It is the understanding of the Issuer 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 (the "Treasury Regulations"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Note, the Issuer 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 Note under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Note, the Issuer 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 Note under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the County Judge and the County Auditor to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Note.

(d) Allocation of, and Limitation on, Expenditures for the Projects. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the projects financed with the proceeds of the Note on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the projects are completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Note or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Note, or (2) the date the Note is retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel addressed to the Registered Owner that such expenditure will not adversely affect the status, for federal income tax purposes, of the Note or the interest thereon. For purposes hereof, the Issuer 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 Projects. The Issuer covenants that the projects will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel addressed to the Registered Owner that such sale or other disposition will not adversely affect the tax-exempt status of the Note. 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 Issuer shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Reserved.

(g) Procedures to Monitor Compliance with Tax Covenants. The Issuer hereby adopts the procedures attached hereto as Exhibit A as a means of monitoring compliance with the federal tax covenants made herein.

(h) Reimbursement. This Order is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

(i) Qualified Tax-Exempt Obligations. The Note is hereby designated as “qualified tax-exempt obligations” as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) that during the calendar year in which the Note is issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Note, will result in more than \$10,000,000 of “qualified tax-exempt obligations” being issued; (b) that the Issuer reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Note is issued, by the Issuer (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the Issuer will take such action or refrain from such action as necessary, and as more particularly set forth in this Section 12 in order that the Note will not be considered “private activity bonds” within the meaning of section 141 of the Code.

Section 13. SALE OF THE NOTE. The Note is hereby sold and shall be delivered as a private placement to Zions Bancorporation, N.A. (the “Purchaser”) for cash for the par value thereof, pursuant to the purchase agreement, bid form or purchase letter dated the date of the final passage of this Order which the County Judge is hereby authorized to execute and deliver. The Note shall initially be registered in the name of the Purchaser. It is hereby officially found, determined, and declared that the terms and issuance of the Note are in the best interests of the Issuer.

Section 14. FURTHER PROCEDURES. The County Judge, County Clerk, County Treasurer and all other officers, employees and consultants of the Issuer are each hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name on behalf of the Issuer such documents, certificates and other 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 Note and the sale of the Note. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, 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 15. NO RULE 15c2-12 UNDERTAKING. The Issuer has not made an undertaking in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”) in connection with the Note. The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Note in connection with the issuance of the Note.

Section 16. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Order subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of the Registered Owner, 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 Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the Registered Owner shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of the Registered Owner, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Order or in the Note so as to:

- (1) Make any change in the maturity of the Note;
- (2) Reduce the rate of interest borne by the Note;
- (3) Reduce the amount of the principal of the Note;
- (4) Modify the terms of payment of principal of or interest on the Note or impose any condition with respect to such payment; or
- (5) Change the requirement with respect to Registered Owner consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Order under this Section, the Issuer shall send by U.S. mail to the Registered Owner of the Note a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Registered Owner of the Note, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer 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 Issuer and the Registered Owner of the Note shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the Registered Owner of the Note pursuant to the provisions of this Section shall be conclusive and binding upon all future holders of the same Note during such period. Such consent may be revoked at any time after six (6) months from the date of the mailing of said notice by the Registered Owner, or by a successor in title, by filing notice with the Issuer.

(g) For the purposes of establishing ownership of the Note, the Issuer shall rely solely upon the registration of the ownership of such Note on the registration books kept by the Paying Agent/Registrar.

#### Section 17. DEFAULT AND REMEDIES.

(a) Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on the Note when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the Issuer, the failure to perform which materially, adversely affects the rights of the registered owners of the Note, including, but not limited to its prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of sixty (60) days after notice of such default is given by the registered owner to the Issuer.

(b) Remedies for Default. Upon the happening of any Event of Default, then and in every case, any registered owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer for the purpose of protecting and enforcing the rights of the registered owner under this Order, 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 the registered owner hereunder or any combination of such remedies.

(c) Remedies Not Exclusive.

(i) 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 the Note or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Note shall not be available as a remedy under this Order.

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

(iii) By accepting the delivery of a Note authorized under this Order, such registered owner agrees that the certifications required to effectuate any covenants or representations contained in this Order do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the Issuer or the Commissioners Court.

#### Section 18. PROJECT FUND.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund or account to be entitled the "Series 2026 Note Project Fund" for use by the Issuer for payment of all lawful costs associated with the projects as hereinbefore provided, and to pay the costs of issuance of the Note. Upon payment of all such costs, any moneys remaining on deposit in said fund shall be transferred

to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 7 of this Order.

(b) The Issuer may place proceeds of the Note (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Note will be used as soon as practicable for the purposes for which the Note is issued.

(c) All deposits authorized or required by this Order shall be secured to the fullest extent required by law for the security of public funds.

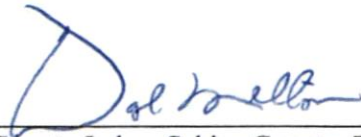
Section 19. APPROPRIATION. To pay the debt service coming due on the Note, if any, prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 20. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Order, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Order, despite such invalidity, which remaining portions shall remain in full force and effect.

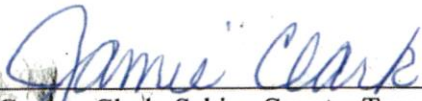
Section 21. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Order shall be effective immediately upon its adoption by the Commissioners Court.

[Execution Page Follows]

PASSED, APPROVED AND EFFECTIVE this April 27, 2026.

  
\_\_\_\_\_  
County Judge, Sabine County, Texas

ATTEST:

  
\_\_\_\_\_  
County Clerk, Sabine County, Texas



## EXHIBIT A

### WRITTEN PROCEDURES FOR FEDERAL TAX COMPLIANCE

These procedures, together with any federal tax certifications, provisions included in the order, ordinance or resolution (the "Authorizing Document") authorizing the issuance and sale of any tax-exempt debt such as the Note (the "Obligations"), letters of instructions and/or memoranda from bond counsel and any attachments thereto (the "Closing Documents"), are intended to assist the Issuer in complying with federal guidelines related to the issuance of such Obligations.

I. Arbitrage Compliance. Federal income tax laws generally restrict the ability to earn arbitrage in connection with the Obligations. The Issuer's County Auditor (such officer, together with other employees of the Issuer who report to or such officer, are collectively, the "Responsible Person") will review the Closing Documents periodically (at least once a year) to ascertain if an exception to arbitrage compliance applies.

1. Procedures applicable to Obligations issued for construction and acquisition purposes. With respect to the investment and expenditure of the proceeds of the Obligations that are issued to finance public improvements or to acquire land or personal property, the Responsible Person will:
  - a. Instruct the appropriate person who is primarily responsible for the construction, renovation or acquisition of the facilities financed with the Obligations (the "Project") that (i) binding contracts for the expenditure of at least 5% of the proceeds of the Obligations must be entered into within 6 months of the date of closing of the Obligations (the "Issue Date") and that (ii) the Project must proceed with due diligence to completion;
  - b. Monitor that at least 85% of the proceeds of the Obligations to be used for the construction, renovation or acquisition of the Project are expended within 3 years of the Issue Date;
  - c. Monitor the yield on the investments purchased with proceeds of the Obligations and restrict the yield of such investments to the yield on the Obligations after 3 years from the Issue Date; and
  - d. To the extent that there are any unspent proceeds of the Obligations at the time the Obligations are refunded, or if there are unspent proceeds of the Obligations that are being refunded by a new issuance of Obligations, the Responsible Person shall continue monitoring the expenditure of such unspent proceeds to ensure compliance with federal tax law with respect to both the refunded Obligations and any Obligations being issued for refunding purposes.
2. Procedures applicable to Obligations with a debt service reserve fund. In addition to the foregoing, if the Issuer issues Obligations that are secured by a debt service reserve fund, the Responsible Person will assure that the maximum amount of any reserve fund for the Obligations invested at a yield higher than the yield on the Obligations will not exceed the lesser of (1) 10% of the principal amount of the Obligations, (2) 125% of the average annual debt service on the Obligations measured as of the Issue Date, or (3) 100% of the maximum annual debt service on the Obligations as of the Issue Date.
3. Procedures applicable to Escrow Accounts for Refunding Obligations. In addition to the foregoing, if the Issuer issues Obligations and proceeds are deposited to an escrow fund to be administered pursuant to the terms of an escrow agreement, the Responsible Person will:

- a. Monitor the actions of the escrow agent to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances;
  - b. Contact the escrow agent on the date of redemption of obligations being refunded to ensure that they were redeemed; and
  - c. Monitor any unspent proceeds of the refunded obligations to ensure that the yield on any investments applicable to such proceeds are invested at the yield on the applicable obligations or otherwise applied (see Closing Documents).
4. Procedures applicable to all Tax-Exempt Obligation Issues. For all issuances of Obligations, the Responsible Person will:
- a. Maintain any official action of the Issuer (such as a reimbursement resolution) stating the Issuer's intent to reimburse with the proceeds of the Obligations any amount expended prior to the Issue Date for the acquisition, renovation or construction of the Project;
  - b. Ensure that the applicable information return (e.g., U.S. Internal Revenue Service ("IRS") Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
  - c. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Internal Revenue Code of 1986, as amended, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Obligations are retired;
  - d. Monitor all amounts deposited into a sinking fund or funds pledged (directly or indirectly) to the payment of the Obligations, such as the Interest and Sinking Fund, to assure that the maximum amount invested within such applicable fund at a yield higher than the yield on the Obligations does not exceed an amount equal to the debt service on the Obligations in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Obligations for the immediately preceding 12-month period; and
  - e. Ensure that no more than 50% of the proceeds of the Obligations are invested in an investment with a guaranteed yield for 4 years or more.

II. Private Business Use. Generally, to be tax-exempt, only an insignificant amount of the proceeds of each issue of Obligations can benefit (directly or indirectly) private businesses. The Responsible Person will review the Closing Documents periodically (at least once a year) for the purpose of determining that the use of the Project financed or refinanced with the proceeds of the Obligations does not violate provisions of federal tax law that pertain to private business use. In addition, the Responsible Person will:

1. Develop procedures or a "tracking system" to identify all property financed with Obligations;
2. Monitor and record the date on which the Project is substantially complete and available to be used for the purpose intended;
3. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public:
  - a. has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the Project;
  - b. has a right to use the output of the Project (e.g., water, gas, electricity); or
  - c. has a right to use the Project to conduct or to direct the conduct of research;
4. Monitor and record whether, at any time the Obligations are outstanding, any person, other than the Issuer, has a naming right for the Project or any other contractual right granting an intangible benefit;
5. Monitor and record whether, at any time the Obligations are outstanding, the Project, or any portion

- thereof, is sold or otherwise disposed of; and
6. Take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Authorizing Document related to the public use of the Project.

III. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Obligations and the use of the Project financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Obligations. If any portion of the Obligations is refunded with the proceeds of another series of Obligations, such records shall be maintained until the three (3) years after the refunding Obligations mature or are otherwise paid off. Such records can be maintained in paper or electronic format.

IV. Responsible Person. A Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the Project financed or refinanced with the proceeds of the Obligations. The foregoing notwithstanding, each Responsible Person shall report to the governing body of the Issuer whenever experienced advisors and agents may be necessary to carry out the purposes of these instructions for the purpose of seeking approval of the governing body to engage or utilize existing advisors and agents for such purposes.

PURCHASE AGREEMENT

April 27, 2026

Sabine County  
201 Main Street  
Hemphill, Texas 75948

McCall, Parkhurst & Horton L.L.P.  
717 North Harwood Street, Suite 900  
Dallas, Texas 75201

Zions Bancorporation, N.A.  
One South Main, 17<sup>th</sup> Floor  
Salt Lake City, Utah 84133

Re: \$1,375,000 Sabine County, Texas Tax Note, Series 2026

I, the undersigned, being an authorized officer of Zions Bancorporation, N.A. (the "Holder"), being a financial institution engaged in the business of purchasing and holding certain credit obligations, such as the tax note described below (the "Note"), acknowledge that Sabine County, Texas (the "Issuer"), is issuing its Tax Note, Series 2026, in the aggregate principal amount of \$1,375,000 to fund costs of acquiring machines and equipment, including motor graders, trucks, and mowers, and to pay costs of issuance of the Note, all as described in the order authorizing the issuance and sale of the Note adopted by the Commissioners Court of the Issuer April 27, 2026 (the "Note Order"). The Note is to be issued under the authority of the general laws of the State of Texas, including Texas Government Code Chapter 1431, as amended.

The Holder understands that the Note is payable from, and secured by a lien on and pledge of, the receipts of an ad valorem tax levied in sufficient amounts (within the limits prescribed by law) to provide for the payment of the interest on and principal of the Note, as such interest and principal come due, all as provided in the Note Order. In accordance with State law, the Issuer is limited to a tax rate of \$0.80 per \$100 of taxable assessed valuation, including the payment of debt service on its debt, including the Note. The Holder hereby acknowledges receipt of the Note Order.

The Holder further understands that the Note will be sold for cash, will be approved by the Attorney General of the State of Texas, and will be delivered in the form of one fully-registered Note representing the aggregate principal amount of the Note, which will mature and be paid in annual principal installment payments to the registered owner thereof, as described below. The Note will initially be made payable to the order of the Holder, but may be assigned by the Holder in whole or in part, and the Holder or any assignee of the Note from any prior registered owner shall be the registered owner thereof. The Note will be delivered in physical form, and will not be subject to a book entry system of payment, registration and transfer.

In connection with its purchase of the Note, the Holder agrees as follows:

- A. Delivery of the Note to the Holder shall be made to the Holder on May 21, 2026 (the "Closing"), it being understood that this delivery date may be extended by mutual consent of the Holder and the Issuer. The purchase price for the Note shall be \$1,375,000.

- B. The first interest payment date for the Note shall be March 1, 2027, with interest payable on each September 1 and March 1 thereafter until maturity or prior redemption. The outstanding principal balance of the Note shall bear interest at the rate or rates per annum set forth below.
- C. Principal of the Note will finally mature on March 1, 2033, but will be payable in annual installments under the terms and conditions described below. The purchase price for the Note shall be the principal amount thereof. Interest on the Note will accrue from the date of initial delivery. The outstanding principal balance of the Note shall mature and be paid in installments on the dates and in the amounts set forth in the table below:

Payment Date (3/1)	Principal Installment (\$)	Interest Rate (%)
2027	160,000	3.940
2028	185,000	3.940
2029	190,000	3.940
2030	200,000	3.940
2031	205,000	3.940
2032	215,000	3.940
2033	220,000	3.940

- D. The Note is subject to optional redemption in whole or in part, on any date, at par plus accrued interest, as set forth in the Order.
- E. The Note will be fully registered as to principal and interest.
- F. The Holder acknowledges that Zions Bancorporation, N.A. (the "Paying Agent/Registrar") shall serve as the initial paying agent and registrar for the Note, as provided in the Paying Agent/Registrar Agreement between the Issuer and the Paying Agent/Registrar.
- G. In regard to its purchase of the Note, the Holder acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Holder with a term sheet and all information necessary and requested by the Holder to permit the Holder to make an informed decision concerning its purchase of the Note, and the Holder has made such inspections and investigations as it has deemed necessary to determine the creditworthiness and enforceability of the Note and to assess all risk factors associated with the purchase and ownership of the Note. The Holder hereby acknowledges and represents that it is familiar with the financial condition of the Issuer and the ability of the Issuer to timely pay the principal of and interest on the Note. The Holder has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of its purchase of the Note. The Holder has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its investment decision. The Holder is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, or U.S. Capital Wealth Advisors LLC, the Issuer's Financial Advisor, as to the completeness or accuracy of any financial information provided to the Holder by the Issuer in connection with its determination to purchase the Note. In connection with the purchase of the Note, the Holder is not acting in a fiduciary capacity to the Issuer or in the capacity of a broker, dealer, municipal securities underwriters, financial advisor or municipal advisor.

- H. The Note is being purchased by the Holder for the account of the Holder as evidence of a loan (and not on behalf of another), and the Holder has no present intention of reselling such Note or dividing its interest therein, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however that the Holder reserves the right to sell, pledge, transfer, convey, hypothecate, participate interests in or dispose of the Note at some future date, but only to persons who have been provided sufficient information with which to make an informed decision to invest in the Note.
- I. The Holder acknowledges that (1) the Note will not be rated, (2) the Note will not be listed on any securities exchange, and (3) no trading market now exists for the Note, and none may exist in the future. Accordingly, the Holder understands that it may be required to hold the Note to maturity, since any sale prior to the maturity for the Note may not be possible or may be at a price below that which the Holder is paying for the Note.
- J. It is understood and agreed that the Holder is buying the Note in a private placement by the Issuer to the Holder. The Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Note in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission. In consideration of the purchase of the Note by the Holder, so long as the Holder is the holder of the Note, the Issuer shall provide the Holder with the Issuer's audited financial statements prepared pursuant to Chapter 103, Texas Local Government Code, as amended, upon request, when available.
- K. This agreement shall be terminated by delivery of the Note in the principal amount of \$1,375,000 to the Holder on the date of Closing, provided that the representations of the Holder in paragraphs G., H. and J., and the obligations of the Issuer in J., above, shall survive the termination hereof.
- L. The Issuer will designate the Note as a "qualified tax-exempt obligation" within the meaning of section 265(b) of the Internal Revenue Code.
- M. As a condition to the purchase of the Note, the Holder shall receive at the Closing:
1. An opinion of Bond Counsel in substantially the form attached hereto as Exhibit A;
  2. An opinion of the Attorney General of the State of Texas to the effect that the Note has been lawfully issued by the Issuer and is a valid and binding obligation of the Issuer under applicable laws of the State of Texas;
  3. A certified copy of the Note Order;
  4. A Closing Certificate in substantially the form attached hereto as Exhibit B;
  5. An incumbency certificate in the form satisfactory to the Holder; and
  6. Such other items as the Holder shall reasonably require.
- N. The Holder makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), in entering into this Purchase Agreement. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Holder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during

the term of this Purchase Agreement shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Purchase Agreement, notwithstanding anything in this Purchase Agreement to the contrary.

- (a) Not a Sanctioned Company. The Holder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Holder and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.
  - (b) No Boycott of Israel. The Holder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Purchase Agreement. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.
  - (c) No Discrimination Against Firearm Entities. The Holder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Purchase Agreement. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.
  - (d) No Boycott of Energy Companies. The Holder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Purchase Agreement. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.
- O. The Holder represents that it has on file with the Texas Attorney General a standing letter addressing the representations and verifications contained in Section N of this Purchase Agreement in a form accepted by the Texas Attorney General. In addition, the Holder or the parent company, a wholly- or majority-owned subsidiary or another affiliate of the Holder receives or has received a letter from the Texas Comptroller of Public Accounts pursuant to Chapter 809, Texas Government Code seeking written verification that it does not boycott energy companies (a "Comptroller Request Letter"), the Holder shall promptly notify the Issuer and Bond Counsel (if it has not already done so) and provide to the Issuer or Bond Counsel, two business days prior to Closing and additionally upon request by the Issuer or Bond Counsel, written verification to the effect that its standing letter described in the preceding sentence remains in effect and may be relied upon by the Issuer and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the Holder (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the Holder that received the Comptroller Request Letter) intends to timely respond or has timely responded to the Comptroller Request Letter. The Bringdown Verification may be in the form of an e-mail.

P. This Agreement may be executed in any number of counterparts, each of which shall be deemed as an original and all of which shall constitute one and the same agreement.

Respectfully submitted,

ZIONS BANCORPORATION, N.A.

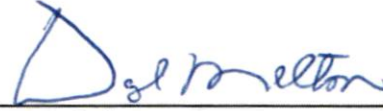
By:  \_\_\_\_\_

Title: Senior Vice President - Municipal Finance

**ACCEPTANCE**

ACCEPTED pursuant to the Note Order adopted by the Commissioners Court of Sabine County, Texas, this the 27<sup>th</sup> day of April, 2026.

SABINE COUNTY, TEXAS

A handwritten signature in blue ink that reads "Del Melton". The signature is written in a cursive style with a large initial "D".

\_\_\_\_\_  
County Judge

Exhibit A

Form of Opinion of Bond Counsel

May 21, 2026

Sabine County  
201 Main Street  
Hemphill, Texas 75948

Zions Bancorporation, N.A.  
One South Main, 17<sup>th</sup> Floor  
Salt Lake City, Utah 84133

Re: \$1,375,000 Sabine County, Texas Tax Note, Series 2026

AS BOND COUNSEL FOR SABINE COUNTY, TEXAS, the issuer (the "Issuer") of the Tax Note described above (the "Note"), we have examined into the legality and validity of the Note, which bears interest from the date of initial delivery of the Note, until maturity or redemption, at the rate and is payable on the dates specified in the text of the Note, with the Note being subject to redemption prior to maturity, all in accordance with the terms and conditions stated in the text of the Note.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Note, including executed Note Number R-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Note has been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to sovereign immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Note constitutes a valid and legally binding obligation of the Issuer payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the Issuer, as provided in the order adopted by the Commissioners Court of the Issuer authorizing the issuance of the Note.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Note is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Note is not a "specified private activity bond" and that, accordingly, interest on the Note will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Note and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Note may become includable in gross income retroactively to the date of issuance of the Note.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Note, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Note. The owner of the Note should consult its tax advisors regarding the applicability of any collateral tax consequences of owning the Note.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Note. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Note as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT IN CONNECTION WITH THE ISSUANCE OF THE NOTE is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Note under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Note for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Note, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Note and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the Issuer.

Respectfully,

Exhibit B

Form of Closing Certificate

**CLOSING CERTIFICATE**

I, the undersigned, hereby certify that I am the County Judge of Sabine County, Texas (the "Issuer"), and, in such official capacity and on behalf of the Issuer in connection with the issuance of the Sabine County Tax Note, Series 2026 (the "Note"), I further certify as follows:

1. That this certificate is executed for and on behalf of the Issuer pursuant to paragraph M(4) of the Purchase Agreement relating to the Note, dated as of April 27, 2026, between the Issuer and Zions Bancorporation, N.A. (the "Purchase Agreement"). Capitalized words and terms contained in this certificate shall have the meanings as set forth in the Purchase Agreement.

2. The Issuer has not made any declaration of bankruptcy within the last seven (7) years.

3. To the best of my knowledge, the Issuer has complied with the laws and regulations applicable to the authorization, execution and issuance of the Note and none of the Note Order, the Note or the Purchase Agreement violate any laws or existing agreements of the Issuer and none of such documents require any additional governmental, regulatory or other approvals.

4. The Issuer is not a party to any litigation or other proceeding pending or, to my knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer.

5. To the best of my knowledge, the financial information provided by the Issuer to the Holder pursuant to paragraph G of the Purchase Agreement is true and correct and there has been no material adverse change in such information since the date of execution of the Purchase Agreement.

6. There have not been any materially adverse change in the business, assets, operations or financial condition of the Issuer (including adverse agreements, existing defaults or non-permitted liens) since the date of execution of the Purchase Agreement.

SIGNED this \_\_\_\_\_.

SABINE COUNTY, TEXAS

\_\_\_\_\_  
County Judge

## PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of May 21, 2026 (this "Agreement"), by and between Sabine County, Texas (the "Issuer"), and Zions Bancorporation, N.A., Salt Lake City, Utah (the "Bank").

### RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Tax Note, Series 2026 (the "Note") in the aggregate principal amount of \$1,375,000, such Note to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Note is scheduled to be delivered to the initial purchaser thereof on or about May 21, 2026; 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 said Note 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 Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Note;

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

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

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

##### **Section 1.02. Compensation.**

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the amount 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:

“Bank Office” means the principal corporate trust office of the Bank as indicated in Section 6.03 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Holder” and “Note Holder” each means the Person in whose name a Note is registered in the Note Register.

“Issuer Request” and “Issuer Order” means a written request or order signed in the name of the Issuer by the County Judge or the County Auditor or other authorized officer of the Issuer, any one or more of said officials, delivered to the Bank.

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

“Order” means the order, ordinance or resolution of the governing body of the Issuer pursuant to which the Note is issued, certified by the Clerk of the Issuer or any other officer of the Issuer 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 Note” of any particular Note means every previous Note evidencing all or a portion of the same obligation as that evidenced by such particular Note (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Note for which a replacement Note has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Order).

“Record Date” has the meaning set forth in the Order.

“Redemption Date” when used with respect to any portion of the Note to be redeemed means the date fixed for such redemption pursuant to the terms of the Order.

“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.

“Note Register” means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Note.

“Stated Maturity” means the date specified in the Order the principal of a Note is scheduled to be due and payable.

**Section 2.02. Other Definitions.**

The terms “Bank,” “Issuer,” and “Note” 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 Note at its Stated Maturity, or Redemption Date, to the Holder. The last principal installment of the Note shall be paid to the Holder upon surrender of the Note 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 Note when due, by computing the amount of interest to be paid each Holder and preparing and sending wires pursuant to instructions provided by the Holder of the Note or checks by United States Mail, first class postage prepaid, on each payment date, to the Holder of the Note (or its Predecessor Note) on the respective Record Date, to the address appearing on the Note 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 Note on the dates specified in the Order.

ARTICLE FOUR

REGISTRAR

**Section 4.01. Note 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 “Note Register”) and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the names and addresses of the Holder of the Note, the transfer, exchange and replacement of the Note and the payment of the principal of and interest on the Note to the Holder 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 the Note shall be noted in the Note Register.

Every Note 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 Securities Dealers, 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 Note.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of the Note, the exchange or transfer by the Holder thereof will be completed and a new Note delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Note 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 the form attached to the Note or such other form satisfactory to the Paying Agent/Registrar.

**Section 4.02. Note.**

The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities 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 Note Register.**

The Bank, as Registrar, will maintain the Note Register relating to the registration, payment, transfer and exchange of the Note 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 Note Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Note 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 Note Holder.**

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 Note Register. The Issuer may also inspect the information contained in the Note 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 Note 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 Note 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 Note Register.

**Section 4.05. Cancellation of Note.**

All securities surrendered to the Bank, at the designated Bank Office, for payment, redemption, transfer or replacement, shall be promptly canceled by the Bank. The Bank will provide to the Issuer, at reasonable intervals determined by it, a certificate evidencing the destruction of canceled securities.

**Section 4.06. Mutilated, Destroyed, Lost or Stolen Note.**

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Order, to deliver and issue a Note in exchange for or in lieu of a mutilated, destroyed, lost, or stolen Note as long as the same does not result in an over issuance.

In case any Note shall be mutilated, or destroyed, lost or stolen, the Bank shall execute and deliver a replacement Note of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Note, or in lieu of and in substitution for such destroyed, lost or stolen Note, only after (i) the filing by the Holder thereof with the Bank of evidence reasonably satisfactory to the Bank of the destruction, loss or theft of such Note, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount of the principal amount of such lost, destroyed or stolen security. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Note shall be borne by the Holder of the Note 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 amount it has paid on the Note pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

**Section 4.08 Reporting Requirements.**

To the extent required by the Internal Revenue Code of 1986, as amended, and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto, the Bank shall report or assure that a report is made to the Holder and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Note which is required to be reported by a Holder on its returns of federal income tax.

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.

The Bank is authorized to transfer funds relating to the closing and initial delivery of the Note in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile or email transmission of the closing

memorandum to be followed by an original of the closing memorandum signed by the Financial Advisor or the Issuer.

**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 certificates 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, security, 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 Note, but is protected in acting upon receipt of a Note 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, security 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 Note 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 of any Note, or any other Person for any amount due on any Note from its own funds.

**Section 5.04. May Hold the Note.**

The Bank, in its individual or any other capacity, may become the owner or pledgee of the Note 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 Note, 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 securities 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 securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by wire or check drawn on such trust account unless the owner of such Note shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Note and remaining unclaimed for three years after the final maturity of the Note has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Note 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, its directors, officers and employees, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the 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 District 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 within the State of Texas to determine the rights of any Person claiming any interest herein.

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 and consented to by the Holder of the Note.

**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 set forth below:

Issuer

Sabine County  
201 Main Street  
Hemphill, Texas 75948

Paying Agent/Registrar

Zions Bancorporation, N.A.  
One South Main, 17th Floor  
Salt Lake City, UT 84133  
Attention: Olivia Martinez

**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.

Any corporation or association into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell, lease, or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor Paying Agent/Registrar hereunder and vested with all of the powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

**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 and the Holder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**Section 6.08. Entire Agreement.**

This Agreement and the Order 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 Order, the Order 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 Note to the Holder thereof or (ii) may be earlier terminated by either party or the Holder of the Note upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party or the Holder of the Note 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 Holder of the Note 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 Note.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Note Register (or a copy thereof), together with other pertinent books and records relating to the Note, 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.

**Section 6.12. Chapters 2270, 2271, 2274, 2276 and 2252, Texas Government Code.**

(a) The Bank represents, warrants and covenants that the value of this contract is less than \$100,000 for purposes of Sections 2271.002, 2274.002 and 2276.002, Texas Government Code, and if it is legally determined that the value of this contract is equal to or greater than \$100,000, this contract is void, the Bank is required to return all monies or assets it received under this contract to the Issuer and the Issuer shall have no liability hereunder. The Bank's representations warranties, and covenants in this paragraph shall survive the termination of the contract.

(b) The Bank represents and warrants, for purposes of Subchapter F of Chapter 2252 of the Texas Government Code, that at the time of execution and delivery of this Agreement neither the Bank, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Bank, (i) engages in business with Iran, Sudan or any foreign terrorist organization as described in Chapter 2270 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller under Sections 2270.0201 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this subsection (b) has the meaning assigned to such term in Section 2252.151 of the Texas Government Code. Notwithstanding anything contained herein,

the representations and covenants contained in this paragraph shall survive the termination of the agreement until the statute of limitations has run.

(c) The Bank represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof, and, accordingly, the Bank is not required to file a Certificate of Interested Parties Form 1295 otherwise prescribed thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

ZIONS BANCORPORATION, N.A.

By: 

Title: Senior Vice President - Municipal Finance

SABINE COUNTY, TEXAS

By:   
County Judge

**SCHEDULE A**

**Paying Agent/Registrar Fee Schedule**

None.

## GENERAL CERTIFICATE

We, the undersigned officers of Sabine County, Texas (the "County"), hereby certify the following information:

### I. General

1.1 This certificate relates to the Sabine County, Texas Tax Note, Series 2026 (the "Note"), in the authorized aggregate original principal amount of \$1,375,000. Except as otherwise provided herein, capitalized terms used herein shall have the meanings assigned to such terms in the order adopted by the Commissioners Court on April 27, 2026 (the "Order") authorizing the issuance of the Note.

1.2 As of the date hereof, the members and officers of the Commissioners Court and certain other officers of the County are as follows:

Daryl Melton, County Judge  
Brent Cox, Commissioner  
Keith Nabours, Commissioner  
Kenneth Brodie, Commissioner  
James Lowe, Commissioner

Jamie Clark, County Clerk  
Malinda Bryan, County Auditor

1.3 The assessed value of taxable property in the County subject to taxation by the County, as shown by its official tax rolls for tax year 2025, being its latest approved official assessment rolls, is \$1,399,002,151.

1.4 The total outstanding tax-supported indebtedness of the County as of the date hereof, excluding the Note, is \$0.00.

1.5 A schedule of debt service requirements of the County's tax-supported debt is attached hereto as Exhibit A and incorporated herein.

1.7 Neither the corporate existence nor boundaries of the County nor the title of its present officers to their respective offices is being contested, and no authority or proceedings for the issuance of the Note have been repealed, revoked, or rescinded.

1.8 All official action of the County relating to the Note and the Order are in full force and effect and has not been amended, modified or supplemented (except as described in Section 1.1 hereof with respect to the Order).

1.9 The County is not in default with respect to the payment of principal or interest on any of its outstanding debt obligations.

1.10 The County Auditor has recommended the authorization of the Note by the Commissioners Court for the purposes described in the Order.

1.11 All machines and equipment purchased with the proceeds of the Note will be owned and operated by the County.

1.12 The County has received all required disclosure filings under Section 2252.908 of the Texas Government Code in connection with the authorization and issuance of the Bonds and has notified the Texas Ethics Commission (“TEC”) of its receipt of such filings by acknowledging such filings in accordance with TEC’s rules.

1.13 With respect to the contracts contained within the transcript of proceedings that are subject to Section 2252.152, Texas Government Code, the County has verified, as of the date of execution, none of the counter parties to those contracts are listed as scrutinized companies (including any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of such companies) with business operations in Sudan or Iran or that engage in scrutinized business operations with foreign terrorist organizations, or are companies (including any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of such companies) known to have contracts with or provide supplies or services to a “foreign terrorist organization” or “designated foreign terrorist organization” on the lists prepared and maintained pursuant to Sections 2270.0201 or 2252.153, Texas Government Code.

1.14 The County has no current intent to refund the Note.

II. Signature Identification and No-Litigation

2.1 No litigation is pending or, to our knowledge, threatened in any court to restrain or enjoin the issuance or delivery of the Note, or the levy or the collection of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Note, or the pledge thereof, or in any way contesting or affecting the validity of the Note, the Order authorizing the issuance of the Note, the powers of the County or contesting the authorization of the Note or the Order.

2.2 We officially executed and signed the Note by manual signature or by causing facsimiles of our manual signatures to be imprinted, lithographed or otherwise reproduced thereon, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed the Note; at the time we so executed and signed the Note 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; and we have caused the official seal of the County to be impressed, printed, or lithographed on the Note, and said seal on the Note has been duly adopted as, and is hereby declared to be, the official seal of the County.

2.3 The Note is substantially in the form, and has been duly executed and signed in the manner prescribed in the Order.

2.4 The County confirms that Note proceeds will not be used for any unconstitutional purposes, including payments made pursuant to unconstitutional diversity, equity, and inclusion (“DEI”) programs and including any such DEI programs established by local ordinances or policies.

III. Submission of Documents to the Attorney General

3.1 The initial Note is directed to be sent to the Office of the Attorney General of the State of Texas, Public Finance Division (the “Attorney General”), by the Issuer's Bond Counsel, McCall, Parkhurst & Horton L.L.P. The Issuer requests that the Attorney General examine and approve the initial Note in accordance with applicable law. After such approval, the Attorney General is requested to deliver the Note to the Comptroller of Public Accounts for registration.

3.2 The Attorney General is hereby authorized and directed to date this Certificate concurrently with the date of approval of the Note. If any litigation or contest should develop pertaining to the Note or any other matters covered by this Certificate, the undersigned will notify the Attorney General thereof

immediately by telephone. With this assurance the Attorney General can rely on the absence of any such litigation or contest, and on the veracity and currency of this Certificate, at the time the Note is approved, unless the Attorney General is notified otherwise as aforesaid.

*[Execution Page Follows]*

EXECUTED AND DELIVERED ON May 18, 2026.

Manual Signatures

Official Titles

David McElton

County Judge,  
Sabine County, Texas

Janice Clark

County Clerk,  
Sabine County, Texas

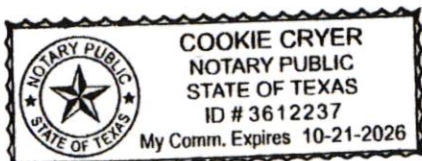
Janine Bryan

County Auditor,  
Sabine County, Texas

**ACKNOWLEDGMENT**

BEFORE ME, the undersigned authority, on this day personally appeared the foregoing individuals, known to me to be the persons and officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 4<sup>th</sup> day of May, 2026.



[NOTARY SEAL]

Cookie Cryer  
Notary Public, State of Texas

**Exhibit A**  
**TAX SUPPORTED INDEBTEDNESS OF THE COUNTY**

Sabine County, Texas  
Tax Notes, Series 2026

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2027	160,000	3.940%	42,136.11	202,136.11	
09/01/2027			23,935.50	23,935.50	
12/31/2027					226,071.61
03/01/2028	185,000	3.940%	23,935.50	208,935.50	
09/01/2028			20,291.00	20,291.00	
12/31/2028					229,226.50
03/01/2029	190,000	3.940%	20,291.00	210,291.00	
09/01/2029			16,548.00	16,548.00	
12/31/2029					226,839.00
03/01/2030	200,000	3.940%	16,548.00	216,548.00	
09/01/2030			12,608.00	12,608.00	
12/31/2030					229,156.00
03/01/2031	205,000	3.940%	12,608.00	217,608.00	
09/01/2031			8,569.50	8,569.50	
12/31/2031					226,177.50
03/01/2032	215,000	3.940%	8,569.50	223,569.50	
09/01/2032			4,334.00	4,334.00	
12/31/2032					227,903.50
03/01/2033	220,000	3.940%	4,334.00	224,334.00	
12/31/2033					224,334.00
	1,375,000		214,708.11	1,589,708.11	1,589,708.11



**KEN PAXTON**  
ATTORNEY GENERAL OF TEXAS

May 18, 2026

THIS IS TO CERTIFY that Sabine County, Texas (the "Issuer"), has submitted the Sabine County, Texas Tax Note, Series 2026 (the "Note"), in the principal amount of \$1,375,000, for approval. The Note is dated May 21, 2026, numbered R-1, and was authorized by an Order of the Issuer passed on April 27, 2026.

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

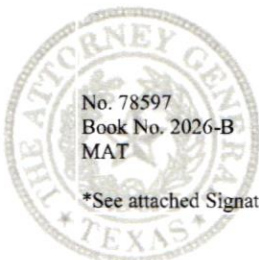
We express no opinion relating to any official statement or any other offering material relating to the Note.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

- (1) The Note has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Note is payable from the proceeds of an ad valorem tax levied, within the limit prescribed by law, against all taxable property in the Issuer.

Therefore, the Note is approved.

  
Attorney General of the State of Texas



VOL 4-H PG 105

OFFICE OF THE ATTORNEY GENERAL §

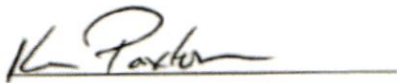
§

OF THE STATE OF TEXAS §

I, KEN PAXTON, the Attorney General for the State of Texas, do hereby authorize the employees of the Public Finance Division of the Office of the Attorney General to affix a digital image of my signature, in my capacity as Attorney General, to the opinions issued by this office approving the issuance of public securities by the various public agencies, non-profit corporations, district, entities, bodies politic or corporate, or political subdivisions of this State as required by law, the opinions approving those contracts designated by the Legislature as requiring the approval of the Attorney General, and the obligations, proceedings and credit agreements required by law to be approved by the Attorney General. The authorized digital image of my signature is attached as Exhibit A and is hereby adopted as my own for the purposes set forth herein. This supersedes any prior signature authorizations for the same purpose.

The authority granted herein is to be exercised on those occasions when I am unavailable to personally sign said opinions, and upon the condition that the opinions to which the digital image signature is affixed have been approved by an authorized Assistant Attorney General following the completion of the Public Finance Division's review of the transcripts of proceedings to which the opinions relate.

Given under my hand and seal of office at Austin, Texas, this the 19th day of September, 2023.



KEN PAXTON  
Attorney General of the State of Texas



OFFICE OF COMPTROLLER  
OF THE STATE OF TEXAS

I, Theresa Goetz,  Bond Clerk  Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Acting Comptroller on the 18th day of May 2026, I signed the name of the Acting Comptroller to the certificate of registration endorsed upon the:

Sabine County, Texas Tax Note, Series 2026,

numbered R-1, dated May 21, 2026, and that in signing the certificate of registration I used the following manual or facsimile signature of the Acting Comptroller:



IN WITNESS WHEREOF I have executed this certificate this the 18th day of May 2026.



I, Kelly Hancock, Acting Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name by placing a manual or facsimile signature on all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and to place the seal of this office, which may be a facsimile seal, where required, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 104615.

GIVEN under my hand and seal of office at Austin, Texas, this the 18th day of May 2026.



KELLY HANCOCK  
Acting Comptroller of Public Accounts  
of the State of Texas

OFFICE OF COMPTROLLER  
OF THE STATE OF TEXAS

I, Kelly Hancock, Acting Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

Sabine County, Texas Tax Note, Series 2026

numbered R-1, of the denomination of \$1,375,000, dated May 21, 2026, as authorized by issuer, interest 3.940 percent, under and by authority of which said note was registered in the office of the Comptroller, on the 18th day of May 2026, under Registration Number 104615.

Given under my hand and seal of office, at Austin, Texas, the 18th day of May 2026.



A handwritten signature in black ink that reads "Kelly Hancock". The signature is fluid and cursive.

KELLY HANCOCK  
Acting Comptroller of Public Accounts  
of the State of Texas

## FEDERAL TAX CERTIFICATE

### 1. In General.

1.1. The undersigned is an authorized representative of Sabine County, Texas (the "Issuer").

1.2. This Federal Tax Certificate (this "Certificate") is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Tax Note, Series 2026 (the "Note"). The Note is being issued pursuant to an Order duly adopted by the Issuer (the "Order"). The Order is incorporated herein by reference.

1.3. To the best of the undersigned's knowledge, information and belief, the expectations contained in this Certificate are reasonable.

1.4. The undersigned is an officer of the Issuer delegated with the responsibility, among others, of issuing and delivering the Note.

1.5. The undersigned is not aware of any facts or circumstances that would cause the Issuer to question the accuracy of the representations made by Zions Bancorporation, N.A. (the "Purchaser") in the Issue Price Certificate attached hereto as Exhibit "D", and by USCA Municipal Advisors, LLC (the "Municipal Advisor") with respect to the Schedules attached hereto as Exhibit "E".

### 2. The Purpose of the Note and Useful Lives of Projects.

2.1. The Note is being issued pursuant to the Order (a) to provide for the payment of costs of issuing the Note and (b) for purchasing machines and equipment, including motor graders, trucks, and mowers (the "Projects").

2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 10 years from the later of the date the Projects are placed in service or the date on which the Note is issued.

2.3. All earnings, such as interest and dividends, received from the investment of the proceeds of the Note during the period of acquisition and construction of the Projects and not used to pay interest on the Note, will be used to pay the costs of the Projects, unless required to be rebated and paid to the United States in accordance with section 148(f) of the Internal Revenue Code of 1986 (the "Code"). The proceeds of the Note, together with any investment earnings thereon, are expected not to exceed the amount necessary for the governmental purpose of the Note. The Issuer expects that no disposition proceeds will arise in connection with the Projects or the Note.

### 3. Expenditure of Note Proceeds and Use of Projects.

3.1. The Issuer has incurred or will incur, within six months after the date of issue of the Note, a binding obligation to commence the Projects, either by entering into contracts for the construction of the Projects or by entering into contracts for architectural or engineering services for such Projects, or contracts for the development, purchase of construction materials, or purchase of equipment, for the Projects, with the amount to be paid under such contracts to be in excess of five percent of the proceeds which are estimated to be used for the cost of the Projects.

3.2. After entering into binding obligations, work on such Projects will proceed promptly with due diligence to completion.

3.3. All original proceeds derived from the sale of the Note to be applied to the Projects and all investment earnings thereon (other than any amounts required to be rebated to the United States pursuant to

section 148(f) of the Code) will be expended for the Projects no later than a date which is three years after the date of issue of the Note.

3.4. The Issuer will account for the expenditure of bond proceeds (including investment earnings thereon) for the purposes described in Section 2 herein on its books and records by allocating such proceeds to expenditures within 18 months of the later of the date that (i) the expenditure is made, or (ii) the purposes for which the Note is issued have been accomplished. The foregoing notwithstanding, the Issuer does not expect to expend such sale proceeds more than 60 days after the earlier of (i) the fifth anniversary of the delivery of the Note, or (ii) the date the Note is retired.

3.5. Only Project costs paid or incurred by the Issuer on or after 60 days prior to the date the Issuer approved the funding of the Projects (the "60-day period") through its declaration of official intent ("Qualified Costs") will be paid or reimbursed with bond proceeds. For this purpose Qualified Costs also include preliminary expenditures, incurred prior to the 60-day period before the approval of the Issuer through its declaration of official intent, up to an amount not in excess of 20 percent of the aggregate amount of the Note. No Qualified Cost represents the cost of property or land acquired from a related party.

3.6. The Issuer will allocate the Project costs to "capital expenditures". For this purpose, "capital expenditure" means any cost that is properly chargeable to the capital account (or would be so chargeable with a proper election) under general federal income tax principles. For example, costs incurred to acquire, construct or improve land, building and equipment generally are capital expenditures.

3.7. The Issuer will not invest the proceeds prior to such expenditure in any guaranteed investment contract or other nonpurpose investment with a substantially guaranteed yield for a period equal to or greater than four years.

3.8. Other than members of the general public, the Issuer expects that throughout the lesser of the term of the Note, or the useful lives of the Projects, the only user of the Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Projects. In no event will the proceeds of the Note or facilities financed therewith be used for private business use in an amount greater than \$15 million.

3.9. Except as stated below, the Issuer expects not to sell or otherwise dispose of property constituting the Projects prior to the earlier of the end of such property's useful life or the final maturity of the Note. The Order provides that the Issuer will not sell or otherwise dispose of the Projects unless the Issuer receives an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Note.

3.10. For purposes of Subsection 3.9 hereof, the Issuer has not included the portion of the Projects comprised of personal property that is disposed in the ordinary course at a price that is expected to be less than 25 percent of the original purchase price. The Issuer, upon any disposition of such property, will transfer the receipts from the disposition of such property to the general operating fund and expend such receipts within six months for other governmental programs.

#### 4. Yield.

4.1. As shown in the Schedules of Municipal Advisor attached hereto as Exhibit "E", the Issuer will determine the issue price of the Note based on the first price paid by the Purchaser.

4.2. The Issuer has not entered into any qualified guarantee or qualified hedge with respect to the Note. The yield on the Note will not be affected by subsequent unexpected events, except to the extent provided in section 1.148-4(h)(3) of the Treasury Regulations when and if the Issuer enters into a qualified hedge or into any transaction transferring, waiving or modifying any right that is part of the terms of any bond. The Issuer will consult with nationally recognized bond counsel prior to entering into any of the foregoing transactions.

5. Interest and Sinking Fund.

5.1. A separate and special Interest and Sinking Fund has been created and established, other than as described herein, solely to pay the principal of and interest on the Note (the "Bona Fide Debt Service Portion"). The Bona Fide Debt Service Portion constitutes a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Such portion will be completely depleted at least once each year except for an amount not in excess of the greater of (a) one-twelfth of the debt service on the Note for the previous year, or (b) the previous year's earnings on such portion of the Interest and Sinking Fund. Amounts deposited in the Interest and Sinking Fund constituting the Bona Fide Debt Service Portion will be spent within a thirteen-month period beginning on the date of deposit, and any amount received from the investment of money held in the Interest and Sinking Fund will be spent within a one-year period beginning on the date of receipt.

5.2. Any money deposited in the Interest and Sinking Fund and any amounts received from the investment thereof that accumulate and remain on hand therein after thirteen months from the date of deposit of any such money or one year after the receipt of any such amounts from the investment thereof shall constitute a separate portion of the Interest and Sinking Fund. The yield on any investments allocable to the portion of the Interest and Sinking Fund exceeding the sum of (a) the Bona Fide Debt Service Portion and (b) an amount equal to the lesser of five percent of the sale and investment proceeds of the Note or \$100,000 will be restricted to a yield that does not exceed the yield on the Note.

6. Invested Sinking Fund Proceeds, Replacement Proceeds.

6.1. The Issuer has, in addition to the moneys received from the sale of the Note, certain other moneys that are invested in various funds which are pledged for various purposes. These other funds are not available to accomplish the purposes described in Section 2 of this Certificate.

6.2. Other than the Interest and Sinking Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (a) which are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Note, or (b) which are reserved or pledged as collateral for payment of debt service on the Note and for which there is reasonable assurance that amounts therein will be available to pay such debt service if the Issuer encounters financial difficulties. Accordingly, there are no other amounts constituting "gross proceeds" of the Note, within the meaning of section 148 of the Code.

7. Other Obligations.

7.1. There are no other obligations of the Issuer that (a) are sold at substantially the same time as the Note, i.e., within 15 days of the date of sale of the Note, (b) are sold pursuant to a common plan of financing with the Note, and (c) will be payable from the same source of funds as the Note.

7.2. The Issuer (including any of its related entities) has not issued nor does it expect to issue any other tax-exempt obligations during the current calendar year, including certain lease purchase agreements, in an amount which when aggregated with the Note would exceed \$10,000,000, within the meaning of section 265(b) of the Code.

8. Federal Tax Audit Responsibilities.

The Issuer acknowledges that in the event of an examination by the Internal Revenue Service (the "Service") to determine compliance of the Note with the provisions of the Code as they relate to tax-exempt obligations, the Issuer will respond, and will direct its agents and assigns to respond, in a commercially reasonable manner to any inquiries from the Service in connection with such an examination. The Issuer understands and agrees that the examination may be subject to public disclosure under applicable Texas law.

The Issuer acknowledges that this Certificate, including any attachments, does not constitute an opinion of Bond Counsel as to the proper federal tax or accounting treatment of any specific transaction.

9. Record Retention and Private Business Use.

The Issuer has covenanted in the Order that it will comply with the requirements of the Code relating to the exclusion of the interest on the Note under section 103 of the Code. The Service has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under section 103 of the Code. **ACCORDINGLY, THE ISSUER SHALL TAKE STEPS TO ENSURE THAT ALL MATERIALS, RECORDS AND INFORMATION NECESSARY TO CONFIRM THE EXCLUSION OF THE INTEREST ON THE NOTE UNDER SECTION 103 OF THE CODE ARE RETAINED FOR THE PERIOD BEGINNING ON THE ISSUE DATE OF THE NOTE AND ENDING THREE YEARS AFTER THE DATE THE NOTE IS RETIRED.** The Issuer acknowledges receipt of the letters attached hereto as Exhibit "B" which discusses limitations related to private business use and Exhibit "C" which, in part, discusses specific guidance by the Service with respect to the retention of records relating to tax-exempt bond transactions.

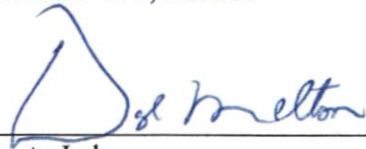
10. Rebate to United States.

The Issuer has covenanted in the Order that it will comply with the requirements of the Code, including section 148(f) of the Code, relating to the required rebate to the United States. Specifically, the Issuer will take steps to ensure that all earnings on gross proceeds of the Note in excess of the yield on the Note required to be rebated to the United States will be timely paid to the United States. The Issuer acknowledges receipt of the memorandum attached hereto as Exhibit "A" which discusses regulations promulgated pursuant to section 148(f) of the Code.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

DATED as of May 21, 2026.

SABINE COUNTY, TEXAS

By:   
County Judge

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in the Schedules attached hereto as Exhibit "E" are, as of May 21, 2026, accurate and complete. We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Note is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

USCA MUNICIPAL ADVISORS, LLC

By: Ben J. Rosenberg

Name: BEN J. ROSENBERG

Title: MANAGING DIRECTOR - PUBLIC FINANCE

Exhibit "A"

November 1, 2016

**ARBITRAGE REBATE REGULATIONS®**

The arbitrage rebate requirements set forth in section 148(f) of the Internal Revenue Code of 1986 (the "Code") generally provide that in order for interest on any issue of bonds<sup>1</sup> to be excluded from gross income (i.e., tax-exempt) the issuer must rebate to the United States the sum of, (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

On June 18, 1993, the U.S. Treasury Department promulgated regulations relating to the computation of arbitrage rebate and the rebate exceptions. These regulations, which replace the previously-published regulations promulgated on May 15, 1989, and on May 18, 1992, are effective for bonds issued after June 30, 1993, have been amended. This memorandum was prepared by McCall, Parkhurst & Horton L.L.P. and provides a general discussion of these arbitrage rebate regulations, as amended. This memorandum does not otherwise discuss the general arbitrage regulations, other than as they may incidentally relate to rebate. This memorandum also does not attempt to provide an exhaustive discussion of the arbitrage rebate regulations and should not be considered advice with respect to the arbitrage rebate requirements as applied to any individual or governmental unit or any specific transaction. Any tax advice contained in this memorandum is of a general nature and is not intended to be used, and should not be used, by any person to avoid penalties under the Code.

McCall, Parkhurst & Horton L.L.P. remains available to provide legal advice to issuers with respect to the provisions of these tax regulations but recommends that issuers seek competent financial and accounting assistance in calculating the amount of such issuer's rebate liability under section 148(f) of the Code and in making elections to apply the rebate exceptions.

**Effective Dates**

The regulations promulgated on June 18, 1993, generally apply to bonds delivered after June 30, 1993, although they do permit an issuer to elect to apply the rules to bonds issued prior to that date. The temporary regulations adopted by the U.S. Treasury Department in 1989 and 1992 incorporated the same effective dates which generally apply for purposes of section 148(f) of the Code. As such, the previous versions of the rebate regulations generally applied to bonds issued between August 1986 and June 30, 1993 (or, with an election, to bonds issued prior to August 15, 1993). The statutory provisions of section 148(f) of the Code, other than the exception for construction issues, apply to all bonds issued after August 15, 1986, (for private activity bonds) and August 31, 1986, (for governmental public purpose bonds). The statutory exception to rebate applicable for construction issues generally applies if such issue is delivered after December 19, 1989.

The regulations provide numerous transitional rules for bonds sold prior to July 1, 1993. Moreover, since, under prior law, rules were previously published with respect to industrial development bonds and

<sup>1</sup> In this memorandum the word "bond" is defined to include any bond, note, certificate, financing lease or other obligation of an issuer.

VOL 4-H PG 115

Copyright 2016 by McCall, Parkhurst & Horton L.L.P. All rights reserved.

600 Congress Avenue  
Suite 2150  
Austin, Texas 78701  
T 512.478.3805  
F 512.472.0871

717 North Harwood  
Suite 900  
Dallas, Texas 75201  
T 214.754.9200  
F 214.754.9250

8 Greenway Plaza  
Suite 1025  
Houston, Texas 77046  
T 713.980.0500  
F 713.980.0510

112 East Pecan Street  
Suite 1310  
San Antonio, Texas 78205  
T 210.225.2800  
F 210.225.2984



mortgage revenue bonds, the transitional rules contained in these regulations permit an issuer to elect to apply certain of these rules for computing rebate on pre-1986 bonds. The regulations provide for numerous elections which would permit an issuer to apply the rules (other than 18-month spending exception) to bonds which were issued prior to July 1, 1993 and remain outstanding on June 30, 1993. Due to the complexity of the regulations, it is impossible to discuss in this memorandum all circumstances for which specific elections are provided. If an issuer prefers to use these final version of rebate regulations in lieu of the computational method stated under prior law (e.g., due to prior redemption) or the regulations, please contact McCall, Parkhurst & Horton L.L.P. for advice as to the availability of such options.

**Future Value Computation Method**

The regulations employ an actuarial method for computing the rebate amount based on the future value of the investment receipts (i.e., earnings) and payments. The rebate method employs a two-step computation to determine the amount of the rebate payment. First, the issuer determines the bond yield. Second, the issuer determines the arbitrage rebate amount. The regulations require that the computations be made at the end of each five-year period and upon final maturity of the issue (the "computation dates"). **THE FINAL MATURITY DATE WILL ACCELERATE IN CIRCUMSTANCES IN WHICH THE BONDS ARE OPTIONALLY REDEEMED PRIOR TO MATURITY. AS SUCH, IF BONDS ARE REFUNDED OR OTHERWISE REDEEMED, THE REBATE MAY BE DUE EARLIER THAN INITIALLY PROJECTED.** In order to accommodate accurate record-keeping and to assure that sufficient amounts will be available for the payment of arbitrage rebate liability, however, we recommend that the computations be performed at least annually. Please refer to other materials provided by McCall, Parkhurst & Horton L.L.P. relating to federal tax rules regarding record retention.

Under the future value method, the amount of rebate is determined by compounding the aggregate earnings on all the investments from the date of receipt by the issuer to the computation date. Similarly, a payment for an investment is future valued from the date that the payment is made to the computation date. The receipts and payments are future valued at a discount rate equal to the yield on the bonds. The rebatable arbitrage, as of any computation date, is equal to the excess of the (1) future value of all receipts from investments (i.e., earnings), over (2) the future value of all payments.

The following example is provided in the regulations to illustrate how arbitrage rebate is computed under the future value method for a fixed-yield bond:

"On January 1, 1994, City A issues a fixed yield issue and invests all the sale proceeds of the issue (\$49 million). There are no other gross proceeds. The issue has a yield of 7.0000 percent per year compounded semiannually (computed on a 30 day month/360 day year basis). City A receives amounts from the investment and immediately expends them for the governmental purpose of the issue as follows:

<u>Date</u>	<u>Amount</u>
2/1/1994	\$ 3,000,000
4/1/1994	5,000,000
6/1/1994	14,000,000
9/1/1994	20,000,000
7/1/1995	10,000,000

City A selects a bond year ending on January 1, and thus the first required computation date is January 1, 1999. The rebate amount as of this date is computed by determining the future value of the receipts and the payments for the investment. The compounding interval is each 6-month (or shorter) period and the 30 day month/360 day year basis is



used because these conventions were used to compute yield on the issue. The future value of these amounts, plus the computation credit, as of January 1, 1999, is:

<u>Date</u>	<u>Receipts (Payments)</u>	<u>FY (7.0000 percent)</u>
1/1/1994	(\$49,000,000)	(\$69,119,339)
2/1/1994	3,000,000	4,207,602
4/1/1994	5,000,000	6,932,715
6/1/1994	14,000,000	19,190,277
9/1/1994	20,000,000	26,947,162
1/1/1995	(1,000)	(1,317)
7/1/1995	10,000,000	12,722,793
1/1/1996	(1,000)	<u>(1,229)</u>
Rebate amount (01/01/1999)		<u>\$878,664"</u>

**General Method for Computing Yield on Bonds**

In general, the term "yield," with respect to a bond, means the discount rate that when used in computing the present value of all unconditionally due payments of principal and interest and all of the payments for a qualified guarantee produces an amount equal to the issue price of the bond. The term "issue price" has the same meaning as provided in sections 1273 and 1274 of the Code. That is, if bonds are publicly offered (i.e., sold by the issuer to a bond house, broker or similar person acting in the capacity of underwriter or wholesaler), the issue price of each bond is determined on the basis of the initial offering price to the public (not to the aforementioned intermediaries) at which price a substantial amount of such bond was sold to the public (not to the aforementioned intermediaries). The "issue price" is separately determined for each bond (i.e., maturity) comprising an issue.

The regulations also provide varying periods for computing yield on the bonds depending on the method by which the interest payment is determined. Thus, for example, yield on an issue of bonds sold with variable interest rates (i.e., interest rates which are reset periodically based on changes in market) is computed separately for each computation period ending at least on each five-year anniversary of the delivery date that the issue. In effect, yield on a variable yield issue is determined on each computation date by "looking back" at the interest payments for such period.

Yield on a fixed interest rate issue (i.e., an issue of bonds the interest rate on which is determined as of the date of the issue) is computed over the entire term of the issue. Issuers of fixed-yield issues generally use the yield computed as of the date of issue for all rebate computations. The yield on fixed-yield issues must be computed by assuming retirements of principal on a call date earlier than the stated maturity date of a bond if (1) the bond is sold at a substantial premium, it may be retired within five years of the date of delivery, and such date is earlier than its scheduled maturity date, or (2) the issue is a stepped-coupon bond. Similarly, recomputation may occur in circumstances in which the issuer or bondholder modify or waive certain terms of, or rights with respect to, the issue or in sophisticated hedging transactions. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

For purposes of determining the principal or redemption payments on a bond, different rules are used for fixed-rate and variable-rate bonds. The payment is computed separately on each maturity of bonds rather than on the issue as a whole. In certain circumstances, the yield on the bond is determined by assuming that principal on the bond is paid as scheduled and that the bond is retired on the final maturity date for the stated retirement price. For bonds subject to early redemption or stepped-coupon bonds, described above, or for



bonds subject to mandatory early redemption, the yield is computed assuming the bonds are paid on the early redemption date for an amount equal to their value.

Premiums paid to guarantee the payment of debt service on bonds are taken into account in computing the yield on the bond. Payments for guarantees are taken into account by treating such premiums as the payment of interest on the bonds. This treatment, in effect, raises the yield on the bond, thereby permitting the issuer to recover such fee with excess earnings.

The guarantee must be an unconditional obligation of the guarantor enforceable by the bondholder for the payment of principal or interest on the bond or the tender price of a tender bond. The guarantee may be in the form of an insurance policy, surety bond, irrevocable letter or line of credit, or standby purchase agreement. Importantly, the guarantor must be legally entitled to full reimbursement for any payment made on the guarantee either immediately or upon commercially reasonable repayment terms. The guarantor may not be a co-obligor of the bonds or a user of more than 10 percent of the proceeds of the bonds.

Payments for the guarantee may not exceed a reasonable charge for the transfer of credit risk. This reasonable charge requirement is not satisfied unless it is reasonably expected that the guarantee will result in a net present value savings on the bond (i.e., the premium does not exceed the present value of the interest savings resulting by virtue of the guarantee). If the guarantee is entered into after June 14, 1989, then any fees charged for the nonguarantee services must be separately stated or the guarantee fee is not recoverable.

The regulations also treat certain "hedging" transactions in a manner similar to qualified guarantees. "Hedges" are contracts, e.g., interest rate swaps, futures contracts or options, which are intended to reduce the risk of interest rate fluctuations. Hedges and other financial derivatives are sophisticated and ever-evolving financial products with which a memorandum, such as this, cannot readily deal. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

#### **Earnings on Nonpurpose Investments**

The arbitrage rebate provisions apply only to the receipts from the investment of "gross proceeds" in "nonpurpose investments." For this purpose, nonpurpose investments are stock, bonds or other obligations acquired with the gross proceeds of the bonds for the period prior to the expenditure of the gross proceeds for the ultimate purpose. For example, investments deposited to construction funds, reserve funds (including surplus taxes or revenues deposited to sinking funds) or other similar funds are nonpurpose investments. Such investments include only those which are acquired with "gross proceeds." For this purpose, the term "gross proceeds" includes original proceeds received from the sale of the bonds, investment earnings from the investment of such original proceeds, amounts pledged to the payment of debt service on the bonds or amounts actually used to pay debt service on the bonds. The regulations do not provide a sufficient amount of guidance to include an exhaustive list of "gross proceeds" for this purpose; however, it can be assumed that "gross proceeds" represent all amounts received from the sale of bonds, amounts earned as a result of such sale or amounts (including taxes and revenues) which are used to pay, or secure the payment of, debt service for the bonds. The total amount of "gross proceeds" allocated to a bond generally cannot exceed the outstanding principal amount of the bonds.

The regulations provide that an investment is allocated to an issue for the period (1) that begins on the date gross proceeds are used to acquire the investment, and (2) that ends on the date such investment ceases to be allocated to the issue. In general, proceeds are allocated to a bond issue until expended for the ultimate purpose for which the bond was issued or for which such proceeds are received (e.g., construction of a bond-financed facility or payment of debt service on the bonds). Deposit of gross proceeds to the general fund of the



issuer (or other fund in which they are commingled with revenues or taxes) does not eliminate or ameliorate the Issuer's obligation to compute rebate in most cases. As such, proceeds commingled with the general revenues of the issuer are not "freed-up" from the rebate obligation. An exception to this commingling limitation for bonds, other than private activity bonds, permits "investment earnings" (but not sale proceeds or other types of gross proceeds) to be considered spent when deposited to a commingled fund if those amounts are reasonably expected to be spent within six months. Other than for these amounts, issuers may consider segregating investments in order to more easily compute the amount of such arbitrage earnings by not having to allocate investments.

Special rules are provided for purposes of advance refundings. These rules are too complex to discuss in this memorandum. Essentially, the rules relating to refundings, however, do not require that amounts deposited to the escrow fund to defease the prior obligations of the issuer be subject to arbitrage rebate to the extent that the investments deposited to the escrow fund do not have a yield in excess of the yield on the bonds. Any loss resulting from the investment of proceeds in an escrow fund below the yield on the bonds, however, may be recovered by combining those investments with investments deposited to other funds, e.g., reserve or construction funds.

The arbitrage regulations also provide an exception to the arbitrage limitations for the investment of bond proceeds in tax-exempt obligations. As such, investment of proceeds in tax exempt bonds eliminates the Issuer's rebate obligation. A caveat; this exception does not apply to gross proceeds derived allocable to a bond, which is not subject to the alternative minimum tax under section 57(a)(5) of the Code, if invested in tax-exempt bonds subject to the alternative minimum tax, i.e., "private activity bonds." Such "AMT-subject" investment is treated as a taxable investment and must comply with the arbitrage rules, including rebate. Earnings from these tax-exempt investments are subject to arbitrage restrictions, including rebate.

Similarly, the investment of gross proceeds in certain tax-exempt mutual funds are treated as a direct investment in the tax-exempt obligations deposited in such fund. While issuers may invest in such funds for purposes of avoiding arbitrage rebate, they should be aware that if "private activity bonds" are included in the fund then a portion of the earnings will be subject to arbitrage rebate. Issuers should be prudent in assuring that the funds do not contain private activity bonds.

The arbitrage regulations provide a number of instances in which earnings will be imputed to nonpurpose investments. Receipts generally will be imputed to investments that do not bear interest at an arm's-length (i.e., market) interest rate. As such, the regulations adopt a "market price" rule. In effect, this rule prohibits an issuer from investing bond proceeds in investments at a price which is higher than the market price of comparable obligations, in order to reduce the yield. Special rules are included for determining the market price for investment contracts, certificates of deposit and certain U.S. Treasury obligations. For example, to establish the fair market value of investment contracts a bidding process between three qualified bidders must be used. The fair market value of certificates of deposit which bear a fixed interest rate and are subject to an early withdrawal penalty is its purchase price if that price is not less than the yield on comparable U.S. Treasury obligations and is the highest yield available from the institution. In any event, a basic "common sense" rule-of-thumb that can be used to determine whether a fair market value has been paid is to ask whether the general funds of the issuer would be invested at the same yield or at a higher yield. An exception to this market price rule is available for United States Treasury Obligations - State or Local Government Series in which case the purchase price is always the market price.

### **Reimbursement and Working Capital**

The regulations provide rules for purposes of determining whether gross proceeds are used for working capital and, if so, at what times those proceeds are considered spent. In general, issuers can finance short-term or long-term working capital with tax-exempt bonds. By adopting a "proceeds-spent-last" rule, the regulations also generally require that an issuer actually incur a deficit (i.e., expenditures must exceed receipts)



for the computation period (which generally corresponds to the issuer's fiscal year in the case of short-term working capital financing). Also, the regulations permit an operating reserve, but unlike prior regulations the amount of such reserve may not exceed five percent of the issuer's actual working capital expenditures for the prior fiscal year. A change was made to the regulations in 2016 allows issuers to finance the operating reserve with proceeds of a tax-exempt obligation. The regulations generally continue the prior regulations' 13-month temporary period for short-term working capital financing.

Long-term working capital financings are beyond the scope of this memorandum. In the event long-term working capital financing is needed, issuers are advised to consult McCall, Parkhurst & Horton L.L.P. to address the federal income tax consequences of these transactions.

Importantly, the regulations contain rules for determining whether proceeds used to reimburse an issuer for costs paid prior to the date of issue of the obligation, in fact, are considered spent at the time of reimbursement. These rules apply to an issuer who uses general revenues for the payment of all or a portion of the costs of a project then uses the proceeds of the bonds to reimburse those general revenues. Failure to comply with these rules would result in the proceeds continuing to be subject to federal income tax restrictions, including rebate.

To qualify for reimbursement, a cost must be described in an expression (e.g., resolution, legislative authorization) evidencing the issuer's intent to reimburse which is made no later than 60 days after the payment of the cost. Reimbursement must occur no later than 18 months after the later of (1) the date the cost is paid or (2) the date the project is placed in service. Except for projects requiring an extended construction period or small issuers, in no event can a cost be reimbursed more than three years after the cost is paid.

Reimbursement generally is not permitted for working capital; only capital costs, grants and loans may be reimbursed. Moreover, certain anti-abuse rules apply to prevent issuers from avoiding the limitations on refundings. IN CASES INVOLVING WORKING CAPITAL OR REIMBURSEMENT, ISSUERS ARE ADVISED TO CONTACT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION.

### **Rebate Payments**

Rebate payments generally are due 60 days after each installment computation date. The interim computation dates occur each fifth anniversary of the issue date. The final computation date is on the latest of (1) the date 60 days after the date the issue of bonds is no longer outstanding, (2) the date eight months after the date of issue for certain short-term obligations (i.e., obligations retired within three years), or (3) the date the issuer no longer reasonably expects any spending exception, discussed below, to apply to the issue. On such payment dates, other than the final payment date, an issuer is required to pay 90 percent of the rebatable arbitrage to the United States. On the final payment date, an issuer is required to pay 100 percent of the remaining rebate liability.

Failure to timely pay rebate does not necessarily result in the loss of tax-exemption. Late payments, however, are subject to the payment of interest, and unless waived, a penalty of 50 percent (or, in the case of private activity bonds, other than qualified 501(c)(3) bonds, 100 percent) of the rebate amount which is due. IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.

Rebate payments are refundable. The issuer, however, must establish to the satisfaction of the Commissioner of the Internal Revenue Service that the issuer paid an amount in excess of the rebate and that the recovery of the overpayment on that date would not result in additional rebatable arbitrage. An overpayment of less than \$5,000 may not be recovered before the final computation date.



### Alternative Penalty Amount

In certain cases, an issuer of a bond the proceeds of which are to be used for construction may elect to pay a penalty, in lieu of rebate. The penalty may be elected in circumstances in which the issuer expects to satisfy the two-year spending exception which is more fully described under the heading "Exceptions to Rebate." The penalty is payable, if at all, within 60 days after the end of each six-month period. This is more often than rebate. The election of the alternative penalty amount would subject an issuer, which fails the two-year spend-out requirements, to the payment of a penalty equal to one and one-half of the excess of the amount of proceeds which was required to be spent during that period over the amount which was actually spent during the period.

The penalty has characteristics which distinguish it from arbitrage rebate. First, the penalty would be payable without regard to whether any arbitrage profit is actually earned. Second, the penalty continues to accrue until either (1) the appropriate amount is expended or (2) the issuer elects to terminate the penalty. To be able to terminate the penalty, the issuer must meet specific requirements and, in some instances, must pay an additional penalty equal to three percent of the unexpended proceeds.

### Exceptions to Rebate

The Code and regulations provide certain exceptions to the requirement that the excess investment earnings be rebated to the United States.

a. *Small Issuers.* The first exception provides that if an issuer (together with all subordinate issuers) during a calendar year does not issue tax-exempt bonds<sup>2</sup> in an aggregate face amount exceeding \$5 million, then the obligations are not subject to rebate. *Only issuers with general taxing powers may take advantage of this exception.* Subordinate issuers are those issuers which derive their authority to issue bonds from the same issuer, e.g., a city and a health facilities development corporation, or which are controlled by the same issuer, e.g., a state and the board of a public university. In the case of bonds issued for public school capital expenditures, the \$5 million cap may be increased to as much as \$15 million. For purposes of measuring whether bonds in the calendar year exceed these dollar limits, current refunding bonds can be disregarded if they meet certain structural requirements. Please contact McCall, Parkhurst & Horton L.L.P. for further information.

b. *Spending Exceptions.*

*Six-Month Exception.* The second exception to the rebate requirement is available to all tax-exempt bonds, all of the gross proceeds of which are expended during six months. The six month rule is available to bonds issued after the effective date of the Tax Reform Act of 1986. See the discussion of effective dates on page two. For this purpose, proceeds used for the redemption of bonds (other than proceeds of a refunding bond deposited to an escrow fund to discharge refunded bonds) cannot be taken into account as expended. As such, bonds with excess gross proceeds generally cannot satisfy the second exception unless the amount does not exceed the lesser of five percent or \$100,000 and such de minimis amount must be expended within one year.

Certain gross proceeds are not subject to the spend-out requirement, including amounts deposited to a bona fide debt service fund, to a reserve fund and amounts which become gross proceeds received from purpose investments. These amounts themselves, however, may be subject to rebate even though the originally expended proceeds were not.

---

<sup>2</sup> For this purpose, "private activity bonds" neither are afforded the benefit of this exception nor are taken into account for purposes of determining the amount of bonds issued.



The Code provides a special rule for tax and revenue anticipation notes (i.e., obligations issued to pay operating expenses in anticipation of the receipt of taxes and other revenues). Such notes are referred to as TRANs. To determine the timely expenditure of the proceeds of a TRAN, the computation of the "cumulative cash flow deficit" is important. If the "cumulative cash flow deficit" (i.e., the point at which the operating expenditures of the issuer on a cumulative basis exceed the revenues of the issuer during the fiscal year) occurs within the first six months of the date of issue and must be equal to at least 90 percent of the proceeds of the TRAN, then the notes are deemed to satisfy the exception. This special rule requires, however, that the deficit actually occur, not that the issuer merely have an expectation that the deficit will occur. In lieu of the statutory exception for TRANs, the regulations also provide a second exception. Under this exception, 100 percent of the proceeds must be spent within six months, but before note proceeds can be considered spent, all other available amounts of the issuer must be spent first ("proceeds-spent-last" rule). In determining whether all available amounts are spent, a reasonable working capital reserve equal to five percent of the prior year's expenditures may be set aside and treated as unavailable.

18-Month Exception. The regulations also establish a non-statutory exception to arbitrage rebate if all of the gross proceeds (including investment earnings) are expended within 18 months after the date of issue. Under this exception, 15 percent of the gross proceeds must be expended within a six-month spending period, 60 percent within a 12-month spending period and 100 percent within an 18-month spending period. The rule permits an issuer to rely on its reasonable expectations for computing investment earnings which are included as gross proceeds during the first and second spending period. A reasonable retainage not to exceed five percent of the sale proceeds of the issue is not required to be spent within the 18-month period but must be expended within 30 months. Rules similar to the six-month exception relate to the definition of gross proceeds.

Two Year Exception. Bonds issued after December 19, 1989 (i.e., the effective date of the Omnibus Reconciliation Act of 1989), at least 75 percent of the net proceeds of which are to be used for construction, may be exempted from rebate if the gross proceeds are spent within two years. Bonds more than 25 percent of the proceeds of which are used for acquisition or working capital may not take advantage of this exception. The exception applies only to governmental bonds, qualified 501(c)(3) bonds and private activity bonds for governmentally-owned airports and docks and wharves. The two-year exception requires that at least 10 percent of the available construction proceeds must be expended within six months after the date of issue, 45 percent within 12 months, 75 percent within 18 months and 100 percent within 24 months. The term "available construction proceeds" generally means sale proceeds of the bonds together with investment earnings less amounts deposited to a qualified reserve fund or used to pay costs of issuance. Under this rule, a reasonable retainage not to exceed five percent need not be spent within 24 months but must be spent within 36 months.

The two-year rule also provides for numerous elections which must be made not later than the date of issuance of the bonds. Once made, the elections are irrevocable. Certain elections permit an issuer to bifurcate bond issues, thereby treating only a portion of the issue as a qualified construction bond; and, permit an issuer to disregard earnings from reserve funds for purposes of determining "available construction proceeds." Another election permits an issuer to pay the alternative penalty amount discussed above in lieu of rebate if the issuer ultimately fails to satisfy the two-year rule. Issuers should discuss these elections with their financial advisors prior to issuance of the bonds. Of course, McCall, Parkhurst & Horton L.L.P. remains available to assist you by providing legal interpretations thereof.

Debt Service Funds. Additionally, an exception to the rebate requirement, whether or not any of the previously discussed exceptions are available, applies for earnings on "bona fide debt service funds." A "bona fide debt service fund" is one in which the amounts are expended within 13 months of the accumulation of such amounts by the issuer. In general, most interest and sinking funds (other than any excess taxes or revenues accumulated therein) satisfy these requirements. For private activity bonds, short term bonds (i.e.,



have a term of less than five years) or variable rate bonds, the exclusion is available only if the gross earnings in such fund does not exceed \$100,000, for the bond year. For other bonds issued after November 11, 1988, no limitation is applied to the gross earnings on such funds for purposes of this exception. Therefore, subject to the foregoing discussion, the issuer is not required to take such amounts into account for purposes of the computation.

### **Conclusion**

McCall, Parkhurst & Horton L.L.P. hopes that this memorandum will prove to be useful as a general guide to the arbitrage rebate requirements.

Again, this memorandum is not intended as an exhaustive discussion nor as specific advice with respect to any specific transaction. We advise our clients to seek competent financial and accounting assistance. Of course, we remain available to provide legal advice regarding all federal income tax matters, including arbitrage rebate. If you have any questions, please feel free to contact either Stefano Taverna or M. Clark Kimball at (214) 754-9200.

EXHIBIT "B"

January 1, 2018

**Certain Federal Income Tax Considerations for  
Private Business Use of Bond-Financed Facilities**

This memorandum provides a general discussion of those types of contractual arrangements which give rise to private business use, and to what extent that use rises to a prohibited level. Generally, in order for bonds issued by governmental units to be tax-exempt, no more than a de minimis amount of the proceeds of the bonds or the facilities financed with such proceeds may be used by non-governmental users. That is, there may be no more than an incidental use by persons, other than state or local governments. Too much private business use can cause the bonds to become taxable. Private business use for this purpose can be direct or can result from indirect benefits being conveyed to a private person by contractual arrangement. The following discussion describes, in general terms, those types of arrangements which need to be scrutinized.

We hope that this general guideline will be useful to you in interacting with private parties regarding the use of bond proceeds or bond-financed facilities. While the statements contained herein are not intended as advice with regard to any specific transaction, McCall, Parkhurst & Horton L.L.P. remains available should you have questions about these rules. Any tax advice contained in this memorandum, including any attachments, was not intended or written to be used for the purpose of avoiding federal tax related penalties or promoting, marketing or recommending to another party any transaction or matter addressed herein. If you have any specific questions or comments, please feel free to contact Stefano Taverna or M. Clark Kimball at (214) 754-9200.

I. Private Business Use

Arrangements that involve use in a trade or business by a nongovernmental person of bond proceeds or facilities financed with bond proceeds may cause a "private business use" problem. Bond-financed facilities may be used by a variety of people with differing consequences under these rules. For example, students, teachers, employees and the general public may use bond-financed facilities on a non-exclusive basis without constituting private business use. More problematic, however, is use of bond-financed facilities by groups such as managers, lessees (e.g., book store owners), persons providing services (e.g., food or cleaning), seminar groups, sports and entertainment groups, and even alumni associations. The benefits also may be considered to pass to a private person where the right to the output produced by the facility is transferred. For this purpose, the federal government is considered a non-governmental person. Use by an organization organized under section 501(c)(3) of the Internal Revenue Code in a trade or business unrelated to the exempt purpose of such organization also is considered use by a private person.

The term "use" includes both actual and beneficial use. As such, private business use may arise in a variety of ways. For example, ownership of a bond-financed facility by a non-governmental person is private business use. The leasing of a bond-financed facility by a non-governmental person can also cause a private business use problem. Along the same line,

VOL 4-H PG 124



management of such facilities by a non-governmental person can cause a problem with private business use, absent compliance with the management contract rules discussed below. Essentially, such use can occur in connection with any arrangement in which the non-governmental user has a preference to benefit from the proceeds or the facilities. Therefore, any arrangement which results in a non-governmental person being the ultimate beneficiary of the bond financing must be considered.

1. Sales and Leases. The sale of a bond-financed facility to a non-governmental person would cause a private business use problem if that facility involved the use of more than 10 percent of the bond proceeds. Since state law often prohibits a governmental issuer from lending credit, this circumstance generally does not occur. Leases, however, also could be a problem because such arrangements grant a possessory interest in the facility which results in the lessee receiving a right to use the facility which is superior to members of the general public.

2. Management Contracts. Having a private manager will give rise to private business use unless certain terms of the management agreement demonstrate that beneficial use has not been passed to the manager. These factors relate to the compensation arrangements, contract term, cancellation provisions, and the relationship of the parties.

The tax rules provide that a contract that satisfies certain requirements is treated as a contract that does not give rise to private use of facilities financed with tax-exempt bonds ("Qualified Contract"). Additionally, certain arrangements that qualify as an eligible expense reimbursement arrangement do not give rise to private use.

A Qualified Contract is one that meets **all** of the following requirements:

- i. Compensation paid to the private manager must be reasonable;
- ii. The private manager cannot receive a share of "net profits" from the operation of the managed property;
- iii. The private manager cannot share in the net losses resulting from the operation of the managed property;
- iv. The contract's term cannot exceed 30 years or 80 percent of the weighted average reasonably expected economic life of the managed property, if less;
- v. The governmental owner must exercise a significant degree of control over the actual use of the managed property;
- vi. The governmental owner must retain the risk of loss (for example, in cases of catastrophic events); and
- vii. The private manager cannot take an inconsistent tax position from the position taken by the governmental owner nor can it retain substantial ability to limit the governmental owner's control rights.

Various factors must be evaluated when drafting a contract to ensure it meets this new safe-harbor, including the eligibility for, the amount of, and the timing of, compensation payments to the private manager, as well as the amount and contingency of, and the timing of operational losses borne by the private manager. Penalties for the inability to meet certain benchmarks are allowed, so long as they are determinable in a stated dollar amount, or a multiple thereof. Similarly, incentive compensations or bonuses are permissible, even if measured against



standards of quality of services, performance or productivity, so long as they are not based on the net profits from the management of the bond financed property.

An owner's control is significant so long as it retains control over the budget, the type of expenditures, dispositions of bond financed property and control over the general nature and type of use of those assets.

The tax rules also provide owner's flexibility when structuring compensation arrangements with private managers (which could include fixed, per capita, per unit or any other variable compensation arrangement and terms that could be as long as 30 years), as long as the term of the contract does not exceed the allowable term, including all renewal options, the owner retains significant controls over the venture, the compensation is reasonable and there is no sharing of net profit or net losses with the private manger.

3. Cooperative Research Agreements. A cooperative research agreement with a private sponsor whereby the private party uses bond-financed facilities may cause a private business use problem. Nevertheless, such use of a bond-financed facility by a non-governmental person is to be disregarded for purposes of private business use if the arrangement is in one of the following forms. First, the arrangement may be disregarded if the sponsoring party is required to pay a competitive price for any license or other use of resulting technology, and such price must be determined at the time the technology is available. Second, an arrangement may also qualify if a four-part requirement is met: (1) multiple, unrelated industry sponsors must agree to fund university-performed basic research; (2) the university must determine the research to be performed and the manner in which it is to be performed; (3) the university must have exclusive title to any patent or other product incidentally resulting from the basic research; and (4) sponsors must be limited to no more than a nonexclusive, royalty-free license to use the product of any such research.

4. Output Contracts. In some circumstances, private business use arises by virtue of contractual arrangements in which a governmental unit agrees to sell the output from a bond-financed facility to a non-governmental person. If the non-governmental person is obligated to take the output or to pay for output even if not taken, then private business use will arise. This is because the benefits and burdens of the bond-financed facility are considered as inuring to the non-governmental purchaser. In addition to the general rule, output-type facilities, including electric and gas generation, transmission and related facilities (but not water facilities) are further limited in the amount of private business use which may be permitted. If more than 5 percent of the proceeds are used for output facilities and if more than 10 percent of the output is sold pursuant to an output arrangement, then the aggregate private business use which may result (for all bond issues) is \$15,000,000.

## II. How Much Private Business Use is Too Much?

In general, there is too much private business use if an amount in excess of 10 percent of the proceeds of the bond issue are to be used, directly or indirectly, in a trade or business carried on by persons other than governmental units, and other than as members of the general public. All trade or business use by persons on a basis different than that of the general public is aggregated for the 10 percent limit. Private business use is measured on a facility or bond issue basis. On a facility basis, such use is generally measured by relative square footage, fair market rental value or the percentage of cost allocable to the private use. On a bond issue basis, the proceeds of the bond issue are allocated to private and governmental (or public) use of the facility to determine the amount of private business use over the term of the bond issue. Temporary use

VOL 4-H PG 120



is not necessarily "bad" (i.e, private use) even though it results in more than 10 percent of the facility being so used. For example, if 100 percent of a facility is used for a period equal to five percent of the term of the bond such use may not adversely impact the bonds. The question is whether the benefits and burdens of ownership have transferred to the private user, as in the case of a sale, lease or management contract. If these benefits and burdens have not transferred, such use may be disregarded for purposes of private business use. In no event should private business use exceed \$15,000,000.

In addition, if the private use is considered "unrelated or disproportionate" to the governmental purpose for issuance of the bonds, the private business use test is met if the level of the prohibited private use rises to 5 percent. The "unrelated" question turns on the operational relationship between the private use and use for the governmental purpose. In most cases, a related use facility must be located within or adjacent to the related governmental facility, e.g., a privately-operated school cafeteria would be related to the school in which it is located. Whereas, the use of a bond-financed facility as an administrative office building for a catering company that operates cafeterias for a school system would not be a related use of bond proceeds. Nonetheless, even if a use is related, it is disproportionate to the extent that bond proceeds used for the private use will exceed proceeds used for the related governmental use.

III. When are the tests applied to analyze the qualification of a bond?

A bond is tested both (1) on the date of issue, and (2) over the term. The tests are applied to analyze the character of the bond on the date of issue, based on how the issuer expects to use the proceeds and the bond-financed property. This is known as the "**reasonable expectations**" standard. The tests also continuously are applied during the term of the bonds to determine whether there has been a deviation from those expectations. This is known as the "**change of use**" standard. When tested, bonds are viewed on an "issue-by-issue" basis. Generally, bonds secured by the same sources of funds are part of the same "issue" if they are sold within 15 days of one another.

IV. What is the reasonable expectations standard?

The reasonable expectations standard will be the basis on which McCall, Parkhurst & Horton L.L.P., as bond counsel, will render the federal income tax opinion on the bonds. The statement of expectations will be incorporated into the Federal Tax Certificate, previously referred to as the Federal Tax Certificate. The certificate also will contain information about the amounts to be expended on different types of property, e.g., land, buildings, equipment, in order to compute a weighted useful life of the bond-financed property. Based on the information on useful life, the maximum weighted average maturity of the bonds tested to ensure that is restricted to no more than 120 percent of the useful life of the property being financed or refinanced.

V. Change of Use Standard.

The disqualified private business use need not exist on the date of issue. Subsequent use by non-governmental persons also can cause a loss of tax-exemption. Post-issuance "change of use" of bond-financed facilities could result in the loss of the tax-exempt status of the bonds, unless certain elements exist which demonstrate the change was unforeseen. For this purpose, a change in use includes a failure to limit private business use subsequent to the date of issuance of the bonds. A reasonable expectation element requires that, as of the date of issue of the bonds, the governmental unit reasonably have expected to use the proceeds of the issue for qualified facilities for the entire term of the issue. To fall within the safe harbor rules which avoid loss of

VOL 44 PG 127



tax-exempt status the governmental unit must assure that no circumstances be present which indicate an attempt to avoid directly or indirectly the requirements of federal income tax law.

Finally, the safe harbor requires that the governmental unit take remedial action that would satisfy one of the following provisions: redemption of bonds; alternative use of disposition proceeds of a facility that is financed by governmental bonds; or, alternative use of a facility that is financed by governmental bonds. For purposes of the latter two remedial action provisions, the governmental unit has 90 days from the date of the change of use to satisfy the requirements. In addition, there is an exception for small transactions for dispositions at a loss.

VI. Written Procedures.

Each governmental issuer should establish written procedures to assure continuing compliance with the private use and arbitrage limitations imposed by the Code. Moreover, the Internal Revenue Service ("IRS") is asking issuers to state in a bond issue's informational return (such as an 8038-G) whether such post-issuance procedures have been adopted. The federal tax certificate, together with the attached memoranda and bond covenants can be supplemented by standard written practices adopted by the executive officer or legislative bodies of the issuer. Accordingly, our firm is prepared to advise you with respect to additional practices which we believe would be beneficial in monitoring compliance and taking remedial action in cases of change in use. There is no standard uniform practice for all issuers to adopt because each issuer operates in unique fashion. However, if you wish us to assist you in developing practices which might assist you in complying with the viewpoints expressed by the IRS and its personnel, please contact your bond lawyer at McCall, Parkhurst & Horton LLP.

Exhibit "C"

April 27, 2026

Honorable Daryl Melton  
County Judge  
Sabine County, Texas  
201 Main Street  
Hemphill, Texas 75948

Re: Sabine County, Texas  
Tax Note, Series 2026

Dear Judge Melton:

As you know, Sabine County, Texas (the "Issuer") will issue the captioned note in order to provide for the acquisition and construction of the projects. As a result of that issuance, the federal income tax laws impose certain restrictions on the investment and expenditure of amounts to be used for the projects or to be deposited to the interest and sinking fund for the captioned note. The purpose of this letter is to set forth, in somewhat less technical language, those provisions of the tax law which require the timely use of bond proceeds and that investment of these amounts be at a yield which is not higher than the yield on the captioned note. For this purpose, please refer to line 21(e) of the Form 8038-G included in the transcript of proceedings for the yield on the captioned note. Please note that the Form 8038-G has been prepared based on the information provided by or on your behalf by your municipal advisor. Accordingly, while we believe that the information is correct you may wish to have the yield confirmed before your rebate consultant or the paying agent attempt to rely on it.

Generally, the federal tax laws provide that, unless excepted, amounts to be used for the projects or to be deposited to the interest and sinking fund must be invested in obligations the combined yield on which does not exceed the yield on the note. Importantly, for purposes of administrative convenience, the note, however, has been structured in such a way as to avoid, for the most part, this restriction on investment yield. They also contain certain covenants relating to expenditures of proceeds designed to alert you to unintentional failures to comply with the laws affecting expenditures of proceeds and dispositions of property. **Importantly, the proceeds of the note may not be used to finance employee compensation, including salaries or retirement payments, or to pay service contract expenses without subjecting the note to additional federal income tax requirements.**

First, the sale and investment proceeds to be used for the new money projects may be invested for up to three years without regard to yield. (Such amounts, however, may be subject to rebate.) Thereafter, they must be invested at or below the bond yield. Importantly, expenditure of these proceeds must be accounted in your books and records. Allocations of these expenditures must occur within 18 months of the later of the date paid or the date the projects are completed. The foregoing notwithstanding, the allocation should not occur later than 60 days after the earlier of (1) of five years after the delivery date of the note or (2) the date the note is retired unless you obtain advice of bond counsel.

Second, the interest and sinking fund is made up of amounts which are received annually for the payment of current debt service on all the Issuer's outstanding obligations. Any taxes or revenues deposited to the interest and sinking fund which are to be used for the payment of current debt service on the captioned note, or any other outstanding obligations, are not subject to yield restriction. By definition, current debt service refers only to debt service to be paid within one year of the date of receipt of these amounts. For the most part, this

VOL 4-H PG 129 -



would be debt service in the current fiscal year. These amounts deposited to the account for current debt service may be invested without regard to any constraint imposed by the federal income tax laws.

Third, a portion of the interest and sinking fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes or revenues deposited to the interest and sinking fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the note or \$100,000.

Accordingly, you should review the current balance in the interest and sinking fund in order to determine if such balance exceeds the aggregate amounts discussed above. Additionally, in the future it is important that you be aware of these restrictions as additional amounts are deposited to the interest and sinking fund. The amounts in this fund which are subject to yield restriction would only be the amounts which are in excess of the sum of (1) the current debt service account and (2) the "minor portion" account. Moreover, to the extent that additional obligations are issued by the Issuer, whether for new money projects or for refunding, these amounts will change in their proportion.

As of January 1, 2018, tax-exempt bonds cannot be issued to advance refund another bond. While certain exceptions may apply, an advance refunding bond is one the proceeds of which are generally used to pay principal, interest or premium on another issue of bonds more than 90 days after the issue date of the refunding bond. **The Issuer should not use any proceeds of the bonds for the payment of principal, interest or premium on another issue of bonds without first discussing with Bond Counsel.**

The Order contains covenants that require the Issuer to comply with the requirements of the federal tax laws relating to the tax-exempt obligations. The Internal Revenue Service (the "Service") has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under the Internal Revenue Code. Accordingly, the Issuer should retain such materials, records and information for the period beginning on the issue date of the captioned note and ending three years after the date the captioned note is retired. Please note this federal tax law standard may vary from state law standards. The material, records and information required to be retained will generally be contained in the transcript of proceedings for the captioned note, however, the Issuer should collect and retain additional materials, records and information to ensure the continued compliance with federal tax law requirements. For example, beyond the transcript of proceedings for the note, the Issuer should keep schedules evidencing the expenditure of note proceeds, documents relating to the use of bond-financed property by governmental and any private parties (e.g., leases and management contracts, if any) and schedules pertaining to the investment of note proceeds. In the event that you have questions relating to record retention, please contact us.

The Service also wants some assurance that any failure to comply with the federal tax laws was not due to an issuer's intentional disregard or gross neglect of the responsibilities imposed on it by the federal tax laws. Therefore, to ensure post-issuance compliance, an issuer should consider adopting formalized written guidelines to help the issuer perform diligence reviews at regular intervals. The goal is for issuers to be able to timely identify and resolve violations of the laws necessary to maintain their obligations' tax-favored status. While the federal tax certificate, together with its attachments, may generally provide a basic written guideline when incorporated in an organizations' operations, the extent to which an organization has appropriate written compliance procedures in place is to be determined on a case-by-case basis. Moreover, the Service has indicated that written procedures should identify the personnel that adopted the procedures, the personnel that is responsible for monitoring compliance, the frequency of compliance check activities, the nature of the compliance check activities undertaken, and the date such procedures were originally adopted and subsequently updated, if applicable. The Service has stated that the adoption of such procedures will be a favorable factor that the Service will consider when determining the amount of any penalty to be imposed on an issuer in the event of an unanticipated and non-curable failure to comply with the tax laws.



Finally, you should notice that the Order contains a covenant that limits the ability of the Issuer to sell or otherwise dispose of bond-financed property for compensation. Beginning for obligations issued after May 15, 1997 (including certain refunding obligations), or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the note. In the event that you anticipate selling property, even in the ordinary course, please contact us.

Obviously, this letter only presents a fundamental discussion of, among other tax rules, the yield restriction rules as applied to amounts deposited to the interest and sinking fund. This letter does not address the rebate consequences with respect to the interest and sinking fund and you should review the memorandum attached to the Federal Tax Certificate as Exhibit "A" for this purpose. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regards to certain limitations imposed, please feel free to contact our firm. Thank you for your consideration and we look forward to our continued relationship.

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

cc: Mr. Cooper Anderson

VOL 4-H PG 131

Exhibit "D"

ISSUE PRICE CERTIFICATE

---

[To be attached hereto]

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Zions Bancorporation, N.A. (the "Purchaser"), hereby certifies as set forth below with respect to the purchase of the Tax Note, Series 2026 (the "Note") issued by Sabine County, Texas (the "Issuer").

The Purchaser is purchasing the Note as the first buyer of the Note at a purchase price of \$1,375,000. The Purchaser is not acting as an Underwriter with respect to the Note. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Note (or any portion of the Note or any interest in the Note). The Purchaser is not acquiring the Note from the Issuer in consideration for the payment of property, other than money.

For purposes of this Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Note to a person (including an individual, trust, estate, partnership, association, company, or corporation) that is not an Underwriter, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Note to a person (including an individual, trust, estate, partnership, association, company, or corporation) that is not an Underwriter (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Note to the Public) and (2) any person who has more than 50 percent common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Note, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Note is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Note.

EXECUTED and DELIVERED as of this May 21, 2026.

ZIONS BANCORPORATION, N.A., as Purchaser

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

Name: Senior Vice President - Municipal Finance

Exhibit "E"

SCHEDULES OF MUNICIPAL ADVISOR

---

[To be attached hereto]

SOURCES AND USES OF FUNDS

Sabine County, Texas  
Tax Notes, Series 2026

Dated Date 05/01/2026  
Delivery Date 05/21/2026

Sources:

---

Bond Proceeds:	
Par Amount	1,375,000.00
	<hr/>
	1,375,000.00

---

---

Uses:

---

Project Fund Deposits:	
Project Fund	1,325,000.00
Delivery Date Expenses:	
Cost of Issuance	50,000.00
	<hr/>
	1,375,000.00

---

---

BOND SUMMARY STATISTICS

Sabine County, Texas  
Tax Notes, Series 2026

Dated Date	05/01/2026
Delivery Date	05/21/2026
Last Maturity	03/01/2033
Arbitrage Yield	3.935464%
True Interest Cost (TIC)	3.935464%
Net Interest Cost (NIC)	3.940000%
All-In TIC	4.979582%
Average Coupon	3.940000%
Average Life (years)	3.963
Weighted Average Maturity (years)	3.963
Duration of Issue (years)	3.647
Par Amount	1,375,000.00
Bond Proceeds	1,375,000.00
Total Interest	214,708.11
Net Interest	214,708.11
Bond Years from Dated Date	5,449,444.44
Bond Years from Delivery Date	5,449,444.44
Total Debt Service	1,589,708.11
Maximum Annual Debt Service	229,226.50
Average Annual Debt Service	234,547.10
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Bond Component	1,375,000.00	100.000	3.940%	3.963	05/07/2030	3.647	491.25
	1,375,000.00			3.963			491.25

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,375,000.00	1,375,000.00	1,375,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-50,000.00	
- Other Amounts			
Target Value	1,375,000.00	1,325,000.00	1,375,000.00
Target Date	05/21/2026	05/21/2026	05/21/2026
Yield	3.935464%	4.979582%	3.935464%

BOND PRICING

Sabine County, Texas  
Tax Notes, Series 2026

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	03/01/2027	160,000	3.940%	3.940%	100.000
	03/01/2028	185,000	3.940%	3.940%	100.000
	03/01/2029	190,000	3.940%	3.940%	100.000
	03/01/2030	200,000	3.940%	3.940%	100.000
	03/01/2031	205,000	3.940%	3.940%	100.000
	03/01/2032	215,000	3.940%	3.940%	100.000
	03/01/2033	220,000	3.940%	3.940%	100.000
		1,375,000			

Dated Date	05/01/2026	
Delivery Date	05/21/2026	
First Coupon	03/01/2027	
Par Amount	1,375,000.00	
Original Issue Discount		
Production	1,375,000.00	100.000000%
Underwriter's Discount		
Purchase Price	1,375,000.00	100.000000%
Accrued Interest		
Net Proceeds	1,375,000.00	

BOND DEBT SERVICE

Sabine County, Texas  
Tax Notes, Series 2026

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2027	160,000	3.940%	66,071.61	226,071.61
12/31/2028	185,000	3.940%	44,226.50	229,226.50
12/31/2029	190,000	3.940%	36,839.00	226,839.00
12/31/2030	200,000	3.940%	29,156.00	229,156.00
12/31/2031	205,000	3.940%	21,177.50	226,177.50
12/31/2032	215,000	3.940%	12,903.50	227,903.50
12/31/2033	220,000	3.940%	4,334.00	224,334.00
	1,375,000		214,708.11	1,589,708.11

BOND DEBT SERVICE

Sabine County, Texas  
Tax Notes, Series 2026

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2027	160,000	3.940%	42,136.11	202,136.11	
09/01/2027			23,935.50	23,935.50	
12/31/2027					226,071.61
03/01/2028	185,000	3.940%	23,935.50	208,935.50	
09/01/2028			20,291.00	20,291.00	
12/31/2028					229,226.50
03/01/2029	190,000	3.940%	20,291.00	210,291.00	
09/01/2029			16,548.00	16,548.00	
12/31/2029					226,839.00
03/01/2030	200,000	3.940%	16,548.00	216,548.00	
09/01/2030			12,608.00	12,608.00	
12/31/2030					229,156.00
03/01/2031	205,000	3.940%	12,608.00	217,608.00	
09/01/2031			8,569.50	8,569.50	
12/31/2031					226,177.50
03/01/2032	215,000	3.940%	8,569.50	223,569.50	
09/01/2032			4,334.00	4,334.00	
12/31/2032					227,903.50
03/01/2033	220,000	3.940%	4,334.00	224,334.00	
12/31/2033					224,334.00
	1,375,000		214,708.11	1,589,708.11	1,589,708.11

PROOF OF ARBITRAGE YIELD

Sabine County, Texas  
Tax Notes, Series 2026

Date	Debt Service	Present Value to 05/21/2026 @ 3.9354637708%
03/01/2027	202,136.11	196,100.91
09/01/2027	23,935.50	22,772.75
03/01/2028	208,935.50	194,949.63
09/01/2028	20,291.00	18,567.39
03/01/2029	210,291.00	188,714.54
09/01/2029	16,548.00	14,563.56
03/01/2030	216,548.00	186,901.73
09/01/2030	12,608.00	10,671.92
03/01/2031	217,608.00	180,637.74
09/01/2031	8,569.50	6,976.32
03/01/2032	223,569.50	178,492.79
09/01/2032	4,334.00	3,393.39
03/01/2033	224,334.00	172,257.32
	1,589,708.11	1,375,000.00

Proceeds Summary

Delivery date	05/21/2026
Par Value	1,375,000.00
Target for yield calculation	1,375,000.00

FORM 8038 STATISTICS

Sabine County, Texas  
Tax Notes, Series 2026

Dated Date 05/01/2026  
Delivery Date 05/21/2026

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	03/01/2027	160,000.00	3.940%	100.000	160,000.00	160,000.00
	03/01/2028	185,000.00	3.940%	100.000	185,000.00	185,000.00
	03/01/2029	190,000.00	3.940%	100.000	190,000.00	190,000.00
	03/01/2030	200,000.00	3.940%	100.000	200,000.00	200,000.00
	03/01/2031	205,000.00	3.940%	100.000	205,000.00	205,000.00
	03/01/2032	215,000.00	3.940%	100.000	215,000.00	215,000.00
	03/01/2033	220,000.00	3.940%	100.000	220,000.00	220,000.00
		1,375,000.00			1,375,000.00	1,375,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	03/01/2033	3.940%	220,000.00	220,000.00		
Entire Issue			1,375,000.00	1,375,000.00	3.9632	3.9355%

Proceeds used for accrued interest 0.00  
 Proceeds used for bond issuance costs (including underwriters' discount) 50,000.00  
 Proceeds used for credit enhancement 0.00  
 Proceeds allocated to reasonably required reserve or replacement fund 0.00

Exhibit " F "

CERTIFICATE OF ELECTION PURSUANT TO SECTION 148(f)(4)(C)  
OF THE INTERNAL REVENUE CODE OF 1986

I, the undersigned, being the duly authorized representative of the Sabine County, Texas (the "Issuer") hereby state that the Issuer elects the provisions of section 148(f)(4)(C) of the Internal Revenue Code of 1986 (the "Code"), relating to the exception to arbitrage rebate for temporary investments, as more specifically designated below, with respect to the Issuer's Tax Note, Series 2026 (the "Note") which are being issued on the date of delivery of the Note. The CUSIP Number for the Note is stated on the Form 8038-G filed in connection with the Note. The Issuer intends to take action to comply with the two-year temporary investments exception to rebate afforded construction bonds under section 148(f)(4)(C) of the Code or any of the other exceptions available to the Issuer in accordance with section 1.148-7 of the Treasury Regulations. Capitalized terms have the same meaning as defined in the Federal Tax Certificate.

1. PENALTY ELECTION. In the event that the Issuer should fail to expend the "available construction proceeds" of the Note in accordance with the provisions of section 148(f)(4)(C) of the Code, the Issuer elects, in lieu of rebate, the penalty provisions of section 148(f)(4)(C)(vii)(I) of the Code.


2. RESERVE FUND ELECTION. The Issuer elects to exclude from "available construction proceeds," within the meaning of section 148(f)(4)(C)(vi) of the Code, of the Note, earnings on the Reserve Fund in accordance with section 148(f)(4)(C)(vi)(IV) of the Code.

3. MULTIPURPOSE ELECTION. The Issuer elects to treat that portion of the Note the proceeds of which are to be used for the payment of expenditures for construction, reconstruction or rehabilitation of the Projects, as defined in the instrument authorizing the issuance of the Note, in an amount which is currently expected to be equal to \$\_\_\_\_\_ as a separate issue in accordance with the provisions of section 148(f)(4)(C)(v)(II) of the Code. (*Note: This election is not necessary unless less than 75 percent of the proceeds of the Note will be used for construction, reconstruction or renovation.*)

4. ACTUAL FACTS. For purposes of determining compliance with section 148(f)(4)(c) of the Code (other than qualification of the Note as a qualified construction issue), the Issuer elects to use actual facts rather than reasonable expectations.

5. NO ELECTION. The Issuer understands that the elections which are adopted as evidenced by the check in the box adjacent to the applicable provision are *irrevocable*. Further, the Issuer understands that qualification of the Note for eligibility for the exclusion from the rebate requirement set forth in section 148(f) of the Code is based on subsequent events and is unaffected by the Issuer's expectations of such events as of the date of delivery of the Note. *Accordingly, while failure to execute this certificate and to designate the intended election does not preclude qualification, it would preclude the Issuer from the relief afforded by such election.*

DATED: May 21, 2026

  
\_\_\_\_\_  
County Judge  
Sabine County, Texas  
201 Main Street  
Hemphill, Texas 75948  
Employer I.D. Number: 75-6001136

▶ 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.

▶ Go to [www.irs.gov/F8038G](http://www.irs.gov/F8038G) for instructions and the latest information.

<b>Part I Reporting Authority</b>		Check box if Amended Return <input type="checkbox"/>
1 Issuer's name <b>Sabine County, Texas</b>		2 Issuer's employer identification number (EIN) <b>75-6001136</b>
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) <b>None</b>		3b Telephone number of other person shown on 3a <b>N/A</b>
4 Number and street (or P.O. box if mail is not delivered to street address) <b>201 Main Street</b>	Room/suite	5 Report number (For IRS Use Only) <b>3</b>
6 City, town, or post office, state, and ZIP code <b>Hemphill, Texas 75948</b>		7 Date of issue <b>05/21/2026</b>
8 Name of issue <b>Tax Note, Series 2026</b>		9 CUSIP number <b>None</b>
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information <b>Daryl Melton, County Judge</b>		10b Telephone number of officer or other employee shown on 10a <b>(409) 787-3543</b>

<b>Part II Type of Issue (Enter the issue price.)</b> 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 ▶ <b>various machines and equipment</b>	18 <b>1,375,000</b>
19a If bonds are TANs or RANs, check only box 19a	<input type="checkbox"/>
b If bonds are BANs, check only box 19b	<input type="checkbox"/>
20 If bonds are in the form of a lease or installment sale, check box	<input type="checkbox"/>

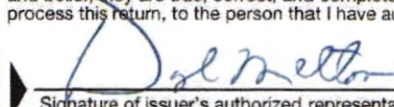
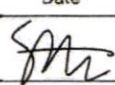
<b>Part III Description of Bonds.</b> Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	03/01/2033	\$ 1,375,000	\$ 1,375,000	3.96 years	3.9354 %

<b>Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)</b>					
22	Proceeds used for accrued interest				0
23	Issue price of entire issue (enter amount from line 21, column (b))				1,375,000
24	Proceeds used for bond issuance costs (including underwriters' discount)		50,000		
25	Proceeds used for credit enhancement		0		
26	Proceeds allocated to reasonably required reserve or replacement fund		0		
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V		0		
28	Proceeds used to refund prior taxable bonds. Complete Part V		0		
29	Total (add lines 24 through 28)				50,000
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)				1,325,000

<b>Part V Description of Refunded Bonds.</b> Complete this part only for refunding bonds.		Not applicable
31	Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	years
32	Enter the remaining weighted average maturity of the taxable bonds to be refunded	years
33	Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	

**Part VI Miscellaneous**

<b>35</b>	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . .	<b>35</b>	0
<b>36a</b>	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions . . . . .	<b>36a</b>	0
<b>b</b>	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____		
<b>c</b>	Enter the name of the GIC provider ▶ _____		
<b>37</b>	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . . .	<b>37</b>	0
<b>38a</b>	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>b</b>	Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____		
<b>c</b>	Enter the EIN of the issuer of the master pool bond ▶ _____		
<b>d</b>	Enter the name of the issuer of the master pool bond ▶ _____		
<b>39</b>	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . . ▶	<input checked="" type="checkbox"/>	
<b>40</b>	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . . ▶	<input type="checkbox"/>	
<b>41a</b>	If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:		
<b>b</b>	Name of hedge provider ▶ _____		
<b>c</b>	Type of hedge ▶ _____		
<b>d</b>	Term of hedge ▶ _____		
<b>42</b>	If the issuer has superintegrated the hedge, check box . . . . . ▶	<input type="checkbox"/>	
<b>43</b>	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 checked="" type="checkbox"/>	
<b>44</b>	If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . . ▶	<input checked="" type="checkbox"/>	
<b>45a</b>	If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input type="checkbox"/> and enter the amount of reimbursement . . . . . ▶ _____		
<b>b</b>	Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____		

<b>Signature and Consent</b>	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.				
		05/21/2026	Daryl Melton, County Judge		
	Signature of issuer's authorized representative	Date	Type or print name and title		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Stefano Taverna		05/21/2026		P01067358
	Firm's name ▶ McCall, Parkhurst & Horton L.L.P.	Firm's EIN ▶ 75-0799392			
	Firm's address ▶ 717 N. Harwood, Suite 900, Dallas, TX 75201	Phone no. 214-754-9200			

**RECEIPT AND DELIVERY CERTIFICATE**

The undersigned, authorized representative of Zions Bancorporation, N.A., as Paying Agent/Registrar with respect to Sabine County, Texas Tax Note, Series 2026, in the aggregate principal amount of \$1,375,000 (the "Note"), hereby:

1. Acknowledges (i) receipt from the Purchaser of the Note, Zions Bancorporation, N.A. (the "Purchaser"), of \$1,375,000, representing the aggregate principal amount of the Note, being the purchase price for the Note as set forth in the closing instructions attached hereto (the "Closing Instructions"), and (ii) the disposition of the purchase price in accordance with the Closing Instructions; and

2. Certifies that Note No. R-1, registered by the Comptroller of Public Accounts of the State of Texas and representing the aggregate principal amount of the issue of Note, were delivered to or upon the order of the Purchaser.

DATED: May 21, 2026.

ZIONS BANCORPORATION, N.A.  
as Paying Agent/Registrar

By:   
Title: Senior Vice President - Municipal Finance

**PURCHASER'S RECEIPT**

The undersigned, acting as the authorized representative of Zions Bancorporation, N.A., with respect to the hereinafter described Note, hereby acknowledges receipt from Sabine County, Texas, of \$1,375,000 principal amount of the Sabine County, Texas Tax Note, Series 2026.

DATED: May 21, 2026.

ZIONS BANCORPORATION, N.A.

By: 

Title: Senior Vice President - Municipal Finance

**ISSUER'S RECEIPT OF PAYMENT**

THE STATE OF TEXAS :  
COUNTY OF SABINE :

The undersigned hereby certifies the following information:

(a) This certificate is executed and delivered with reference to the Sabine County, Texas Tax Note, Series 2026 (the "Note"), issued by Sabine County, Texas (the "Issuer").


(b) The undersigned is the duly chosen, qualified and acting officer of the Issuer hereinafter indicated.

(c) The Note has been duly delivered to the purchaser thereof.

(d) The Note has been paid for in full by the purchaser thereof concurrently with the delivery of this certificate, and the Issuer has received, and hereby acknowledges receipt of, the agreed purchase price for the Note.

*[Execution Page Follows]*

EXECUTED AND DELIVERED this May 21, 2026

  
\_\_\_\_\_  
County Judge,  
Sabine County, Texas

NO. R-1

UNITED STATES OF AMERICA  
STATE OF TEXAS

PRINCIPAL  
AMOUNT  
\$1,375,000

SABINE COUNTY, TEXAS  
TAX NOTE  
SERIES 2026

<u>INTEREST RATE</u>	<u>DELIVERY DATE</u>
As shown below	May 21, 2026

REGISTERED OWNER: ZIONS BANCORPORATION, N.A.

PRINCIPAL AMOUNT: ONE MILLION THREE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

SABINE COUNTY, TEXAS (the "Issuer"), being a political subdivision of the State of Texas, Texas, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assign (the "Registered Owner"), the principal amount specified above, and to pay interest thereon, from the Delivery Date set forth above, on the balance of said principal amount from time to time remaining unpaid, at the rates per annum set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The unpaid principal of this Note shall mature and shall be paid in installments on the dates and in the amounts set forth in the table below:

<u>Payment Date (3/1)</u>	<u>Principal Installment (\$)</u>	<u>Interest Rate (%)</u>
2027	160,000	3.940
2028	185,000	3.940
2029	190,000	3.940
2030	200,000	3.940
2031	205,000	3.940
2032	215,000	3.940
2033	220,000	3.940

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this Note on March 1, 2027, and on each September 1 and March 1 thereafter to the date of maturity or redemption prior to maturity. The last principal installment of this Note shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity, or upon the date fixed for its redemption prior to maturity, at the principal office of Zions Bancorporation, N.A., which is the "Paying Agent/Registrar" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each principal and interest payment date by wire, check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the order authorizing the Note (the "Note Order") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such wire, check or draft shall be sent by the Paying Agent/Registrar by wire transfer pursuant to instructions provided by the Registered Owner hereof or by United States mail, first-class postage prepaid, on each such payment date, to the Registered Owner hereof, at its address as it appeared on the 15<sup>th</sup> calendar day of the month next preceding each such date, regardless of whether such day is a business

day (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and 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 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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) 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 owner of a Note appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

UPON THE PAYMENT or partial redemption of the principal installments of this Note, the Paying Agent/Registrar shall note in the Payment Record appearing on a copy of this Note the amount of each such payment, the date said payment was made and the remaining unpaid principal balance of this Note and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Note Registration Books.

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

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

THIS NOTE is dated May 21, 2026, authorized in accordance with the Constitution and laws of the State of Texas, in the principal amount of \$1,375,000, for the public purpose of purchasing machines and equipment, including motor graders, trucks, and mowers, and for paying costs of issuance of the Note.

ON ANY DATE, the unpaid principal installments of this Note may be redeemed prior to their scheduled maturity, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular principal installments or portions thereof, to be redeemed shall be selected and designated by the Issuer, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

AT LEAST thirty (30) days prior to the date fixed for any optional redemption of this Note or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of this Note at its address as it appeared on the Registration Books on the day such notice of redemption is mailed; provided, however, that the failure of the Registered Owner to 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 this Note. 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 this Note or portions thereof

which are to be so redeemed. If such written notice of redemption is sent, if due provision for such payment is made and the redemption price is paid to the Registered Owner hereof, all as provided above, this Note or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding.

UPON THE PREPAYMENT or partial redemption of this Note, the Paying Agent/Registrar, shall note in the Payment Record appearing on a copy of this Note the amount of such prepayment, the date said payment was made and the remaining unpaid principal balance of this Note and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Registration Books, and the Paying Agent/Registrar shall also record in the Registration Books and on the Payment Record all payments of principal installments on such Note when made on their respective due dates.

THIS NOTE IS ISSUABLE solely as a fully registered note, without interest coupons in the denomination of \$1,375,000. As provided in the Note Order, this Note, may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred and exchanged for a like aggregate principal amount of a fully registered Note, without interest coupons, payable to the Registered Owner or assignee, as the case may be, having the same denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Note Order. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in the form attached to this Note and with guarantee of signatures, evidencing assignment of this Note to the assignee in whose name this Note hereof is to be registered. The form of Assignment printed or endorsed on this Note 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 Note by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring and exchanging any Note will be paid by the Issuer. 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 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 or exchange (i) during the period commencing with 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) within ten (10) days prior to a redemption date.

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

THIS NOTE shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Order until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts.

IT IS HEREBY certified, recited, and covenanted that this Note has been duly and validly authorized, issued, sold, 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 Note 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 Note, as such interest and principal come

due, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limit prescribed by law.

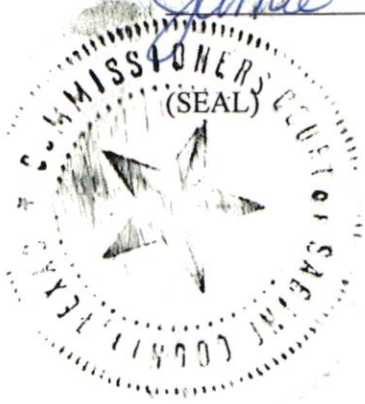
THE ISSUER HAS RESERVED THE RIGHT to amend the Note Order as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the Registered Owner of this Note.

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

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

Jamie Clark  
County Clerk

Dee Melton  
County Judge



PAYMENT RECORD

Date of Payment	Principal Payments (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer Making Entry	Signature of Authorized Officer

COMPTROLLER'S  
NO. 104615

REGISTRATION

CERTIFICATE:

REGISTER

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

Witness my signature and seal this May 18, 2026.



A handwritten signature in black ink, appearing to read "Greg Abbott".

Acting Comptroller of Public Accounts of the  
State of Texas

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE  
(To be executed if this Note 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 Note has been issued under the provisions of the Note Order described on the face of this Note; and that this Note has been issued in exchange for or replacement of a Note of an issue 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: \_\_\_\_\_.

Zions Bancorporation, N.A.  
Salt Lake City, Utah  
Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Representative

ASSIGNMENT  
(Please print or type clearly)

FOR VALUE RECEIVED, the undersigned Registered Owner of this Note, or duly authorized representative

or attorney thereof, hereby assigns this Note to: \_\_\_\_\_

\_\_\_\_\_  
Assignee's Social Security or Taxpayer Identification Number: \_\_\_\_\_

Assignee's Name and Address Including Zip Code: \_\_\_\_\_

and hereby irrevocably constitutes and appoints: \_\_\_\_\_

\_\_\_\_\_, attorney, to transfer the registration of this Note on the Paying Agent/Registrar's Registration Books with full power of substitution in the premises.

Dated: \_\_\_\_\_.

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: This signature must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

\_\_\_\_\_  
NOTICE: This signature must correspond with the name of the Registered Owner appearing on the face of this Note

“The Note was delivered to and paid for by the Purchaser thereof on May 21, 2026.”

## CLOSING CERTIFICATE

I, the undersigned, hereby certify that I am the County Judge of Sabine, Texas (the "Issuer"), and, in such official capacity and on behalf of the Issuer in connection with the issuance of the Sabine County, Texas Tax Note, Series 2026 (the "Note"), I further certify as follows:

1. That this certificate is executed for and on behalf of the Issuer pursuant to paragraph M(4) of the Purchase Agreement relating to the Note, dated as of April 27, 2026, between Zions Bancorporation, N.A. (the "Bank") and the Issuer (the "Purchase Agreement"). Capitalized words and terms contained in this certificate shall have the meanings as set forth in the Purchase Agreement.

2. The Issuer has not made any declaration of bankruptcy within the last seven (7) years.

3. To the best of my knowledge, the Issuer has complied with the laws and regulations applicable to the authorization, execution and issuance of the Note and none of the Note Order, the Note or the Purchase Agreement violate any laws or existing agreements of the Issuer and none of such documents require any additional governmental, regulatory or other approvals.

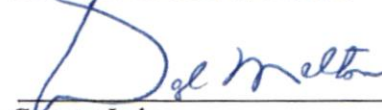
4. The Issuer is not a party to any litigation or other proceeding pending or, to my knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer.

5. To the best of my knowledge, the financial information provided by the Issuer to the Bank pursuant to paragraph G of the Purchase Agreement is true and correct and there has been no material adverse change in such information since the date of execution of the Purchase Agreement.

6. There have not been any materially adverse change in the business, assets, operations or financial condition of the Issuer (including adverse agreements, existing defaults or non-permitted liens) since the date of execution of the Purchase Agreement.

SIGNED this May 21, 2026.

SABINE COUNTY, TEXAS

A handwritten signature in blue ink, appearing to read "Del Melton", written over a horizontal line.

County Judge



May 21, 2026

Sabine County  
201 Main Street  
Hemphill, Texas 75948

Zions Bancorporation, N.A.  
One South Main, 17<sup>th</sup> Floor  
Salt Lake City, Utah 84133

Re: \$1,375,000 Sabine County, Texas Tax Note, Series 2026

AS BOND COUNSEL FOR SABINE COUNTY, TEXAS, the issuer (the "Issuer") of the Tax Note described above (the "Note"), we have examined into the legality and validity of the Note, which bears interest from the date of initial delivery of the Note, until maturity or redemption, at the rate and is payable on the dates specified in the text of the Note, with the Note being subject to redemption prior to maturity, all in accordance with the terms and conditions stated in the text of the Note.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Note, including executed Note Number R-1.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Note has been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to sovereign immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Note constitutes a valid and legally binding obligation of the Issuer payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the Issuer, as provided in the order adopted by the Commissioners Court of the Issuer authorizing the issuance of the Note.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Note is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Note is not a "specified private activity bond" and that, accordingly, interest on the Note will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on, certain representations, the accuracy of which we have not independently verified, and assume compliance with certain covenants, regarding the use and investment of the proceeds of the Note and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the Issuer to comply with such covenants, interest on the Note may become includable in gross income retroactively to the date of issuance of the Note.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Note, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.



EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Note. The owner of the Note should consult its tax advisors regarding the applicability of any collateral tax consequences of owning the Note.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Note, nor as to any such insurance policies issued in the future.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Note. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Note as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT IN CONNECTION WITH THE ISSUANCE OF THE NOTE is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering our opinions with respect to the legality and validity of the Note under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Note for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure thereof in connection with the sale of the Note, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Note and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the Issuer.

Respectfully,

*McCall, Parkhurst & Horton L.L.P.*

VOL 4-H PG 161

Transcript of Proceedings  
relating to

\$1,375,000  
SABINE COUNTY, TEXAS  
TAX NOTE, SERIES 2026

Closing Date: May 21, 2026

**COPY**

TABLE OF CONTENTS

1. Certified Order Authorizing the Issuance of the Note
2. Purchase Agreement
3. Paying Agent/Registrar Agreement
4. General Certificate
5. Approving Opinion of Attorney General of Texas and Certificate of Registration of Comptroller of Public Accounts
6. Federal Tax Certificate
7. IRS Form 8038-G
8. Paying Agent/Registrar's Receipt and Delivery Certificate
9. Purchaser's Receipt
10. Issuer's Receipt of Payment
11. Initial Note
12. Closing Certificate
13. Opinion of Bond Counsel

COPI

10/10/10

**COPY**

Transcript of Proceedings  
relating to

\$1,375,000  
SABINE COUNTY, TEXAS  
TAX NOTE, SERIES 2026

Closing Date: May 21, 2026

TABLE OF CONTENTS

1. Certified Order Authorizing the Issuance of the Note
2. Purchase Agreement
3. Paying Agent/Registrar Agreement
4. General Certificate
5. Approving Opinion of Attorney General of Texas and Certificate of Registration of Comptroller of Public Accounts
6. Federal Tax Certificate
7. IRS Form 8038-G
8. Paying Agent/Registrar's Receipt and Delivery Certificate
9. Purchaser's Receipt
10. Issuer's Receipt of Payment
11. Initial Note
12. Closing Certificate
13. Opinion of Bond Counsel

**COPY**

Transcript of Proceedings  
relating to

\$1,375,000  
SABINE COUNTY, TEXAS  
TAX NOTE, SERIES 2026

Closing Date: May 21, 2026

TABLE OF CONTENTS

1. Certified Order Authorizing the Issuance of the Note
2. Purchase Agreement
3. Paying Agent/Registrar Agreement
4. General Certificate
5. Approving Opinion of Attorney General of Texas and Certificate of Registration of Comptroller of Public Accounts
6. Federal Tax Certificate
7. IRS Form 8038-G
8. Paying Agent/Registrar's Receipt and Delivery Certificate
9. Purchaser's Receipt
10. Issuer's Receipt of Payment
11. Initial Note
12. Closing Certificate
13. Opinion of Bond Counsel

Transcript of Proceedings  
relating to

**COPY**

\$1,375,000  
SABINE COUNTY, TEXAS  
TAX NOTE, SERIES 2026

Closing Date: May 21, 2026

TABLE OF CONTENTS

1. Certified Order Authorizing the Issuance of the Note
2. Purchase Agreement
3. Paying Agent/Registrar Agreement
4. General Certificate
5. Approving Opinion of Attorney General of Texas and Certificate of Registration of Comptroller of Public Accounts
6. Federal Tax Certificate
7. IRS Form 8038-G
8. Paying Agent/Registrar's Receipt and Delivery Certificate
9. Purchaser's Receipt
10. Issuer's Receipt of Payment
11. Initial Note
12. Closing Certificate
13. Opinion of Bond Counsel