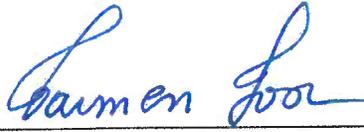


**\$42,560 TOWN OF WOODLOCH, TEXAS
2020 FINANCING AGREEMENT**

1. Resolution of Board of Aldermen
2. Financing Agreement
3. General Certificate
4. Tax and No Arbitrage Certificate
5. IRS Form 8038-GC
6. Opinion of Naman, Howell, Smith & Lee, PLLC

SIGNED as of the 28th day of May, 2020.



Town Secretary
Town of Woodloch, Texas



Mayor
Town of Woodloch, Texas

RESOLUTION OF THE ALDERMEN OF THE TOWN OF WOODLOCH, TEXAS
APPROVING A BORROWING FROM SPIRIT OF TEXAS BANK, SSB IN THE
AMOUNT OF \$42,560 TO PURCHASE A TRACTOR

WHEREAS, the Town of Woodloch, Texas (the "Town") has determined to purchase a tractor; and

WHEREAS, the Town desires to finance such purchase through a loan with Spirit of Texas Bank, SSB; and

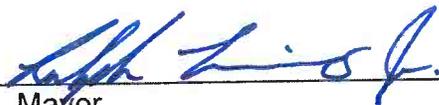
WHEREAS, the Aldermen of the Town desire to adopt this Resolution approving the borrowing from Spirit of Texas Bank, SSB to finance the tractor;

NOW, THEREFORE, BE IT RESOLVED BY THE ALDERMEN OF TOWN OF WOODLOCH, TEXAS:

1. That the above recitals are true and correct.
2. That the Aldermen hereby approves the borrowing of \$42,560 from Spirit of Texas Bank, SSB to finance the purchase of the tractor and loan closing costs.
3. That the Aldermen further authorize either the Mayor of the Town or the Town Secretary to sign all such documents as are necessary to evidence this loan, including a Financing Agreement with Spirit of Texas Bank, SSB.
4. That it is officially found and determined that this meeting was open to the public as required by law and that notice of the time, place and subject matter of this meeting has been posted in the manner required by law.

Adopted this 28 day of May, 2020.

TOWN OF WOODLOCH, TEXAS

By: 
Mayor

ATTEST:

By: 
Town Secretary

FINANCING AGREEMENT

1. This Financing Agreement (the "Agreement") is entered into as of this 28th day of Nov, 2020, by and between Spirit of Texas Bank, SSB (the "Bank") and the Town of Woodloch, Texas (the "Town"). The item being financed hereunder is a tractor (referred to herein as the "Tractor").

2. Recitals: The Town desires to finance the acquisition of personal property pursuant to Chapter 271 of the *Texas Local Government Code* (the "Act"). The Bank is willing to finance the purchase of the Tractor in accordance with the terms of this Agreement. Accordingly, the parties have agreed as set forth herein.

3. Finance of Tractor:

- A. The Town has chosen the Tractor to be purchased and informed the Bank of the same.
- B. The Town hereby warrants and represents to the Bank that the purchase of the Tractor was acquired in accordance with applicable bid law.
- C. Funding for purchase of the Tractor shall occur in the following manner:
 - (1) The Bank shall provide the sum of \$42,560 to the Town, to be funded June 4, 2020.
 - (2) The Town shall use this money solely to purchase the Tractor and for no other purpose whatsoever.
- D. Title to the Tractor shall be in the name of the Town. The vendor shall deliver evidence of title and possession of the Tractor directly to the Town. All warranties from the vendor shall run directly to the Town. **THE BANK MAKES NO WARRANTY IN REGARD TO THE TRACTOR AND IS NOT THE SELLER OF THE TRACTOR.**

4. Installment payment obligation:

- (a) The Town agrees to finance the purchase of the Tractor by the payment of 72 monthly installment payments to the Bank (the "Installment Payments") in the amount(s) set forth in Exhibit A.
- (b) The amount of the Installment Payments shall be determined as follows:
 - (i) The principal amount of the Installment Payments shall be \$42,560 the amount funded to the Town for purchase of the Tractor.
 - (ii) The Town shall pay interest to the Bank on the principal amount of \$42,560 at a rate of 3.00% per annum. The maximum interest rate on this installment purchase obligation shall not exceed the rates allowed by Chapter 1204 of the *Texas Government Code*. Interest shall be calculated on the basis of a 360 day year composed of

twelve 30-day months, but based on the actual number of days elapsed from the date of funding to the date of payment.

- (iii) The term and maturity of the Installment Payments shall be 72 monthly principal payments, beginning July 4, 2020 and ending on June 4, 2026, plus accrued interest.

Interest shall accrue from the funding date, and interest shall be payable on the same date principal amounts are paid. *(The first interest payment is subject to change depending on the funding date.)

- (iv) Any payments received shall be applied first to accrued interest, and then to principal.

- (v) Payments are anticipated to be in the amounts set forth on Exhibit A.

- (c) The obligations of the Town to make the Installment Payments are unconditional. The Town acknowledges that it has chosen the Tractor and that the Bank is merely financing the same. In no event shall the obligations of the Town to pay the Installment Payments hereunder be subject to any offset or reduction for any reason, including but not limited to the failure of the Tractor to perform its intended function.

The Town expressly warrants and represents to the Bank that the Installment Payment required for the first year of the term shall be budgeted, funded, and set aside for this purpose prior to the date such payment is due, and that such amount(s) shall continue to be budgeted, funded, and set aside for this purpose during each year of the term.

- (d) In order to secure its obligations hereunder, including payment of the Installment Payments, the Town hereby pledges its property taxes or revenues legally available to make such payments.

5. Final payment; right to prepay: The Town shall have the right to prepay the Installment Payments at any time.

All amounts due for the payment of the Installment Payments shall be due in full on the final maturity date set forth in Section 4(b)(iii) above.

6. Insurance and maintenance obligations: The Town shall be solely responsible to maintain the Tractor and agrees to maintain the same in good condition and repair, ordinary wear and tear excepted.

The Town shall maintain property insurance on the Tractor in accordance with its ordinary program of insurance.

7. Warranties of the Town: The Town hereby warrants to the Bank the following:
1. This Financing Agreement has been authorized by the governing body of the Town and constitutes a valid and binding obligation of the Town.
 2. The Town is a town and municipal corporation of the State of Texas.
 3. The Tractor is solely personal property and does not constitute "real property", "improvements", or a "contract for the construction of improvements to real property" within the meaning of the Act.
 4. The Tractor is necessary, useful and appropriate to one or more purposes of the Town, and the use of the Tractor constitutes an essential function of the Town.
 5. The Town hereby designates this Agreement and the Installment Payments as a "qualified tax exempt obligation" of the Town (as such term is defined in Section 265(b) of the Internal Revenue Code of 1986, as amended). None of the Town, and all entities subordinate to, or entities acting on behalf of, the Town shall issue in the aggregate more than \$10,000,000 in tax exempt obligations during calendar year 2020.

8. RELEASE AND ASSUMPTION OF LIABILITY: TO THE FULL EXTENT PERMITTED BY THE LAWS OF THE STATE OF TEXAS, AS BETWEEN THE BANK AND THE TOWN, THE TOWN ASSUMES ALL RISKS AND LIABILITIES, WHETHER OR NOT COVERED BY INSURANCE, FOR ALL LOSSES OR DAMAGE TO THE TRACTOR OR CAUSED BY THE TRACTOR INCLUDING BUT NOT LIMITED TO INJURY TO OR DEATH OF ANY PERSON OR DAMAGES TO ANY TRACTOR.

THE TOWN ACKNOWLEDGES AND AFFIRMS THAT THE BANK MERELY FINANCED THE TRACTOR, THAT THE BANK NEVER CHOSE THE TRACTOR FOR PURCHASE, AND THAT THE BANK DOES NOT OWN, OPERATE OR USE THE TRACTOR.

9. Tax exempt obligation: This Financing Agreement represents an exercise of the borrowing power of the Town to finance the purchase of personal property as provided in the Act. The Town will provide the Bank with certificates and IRS Form 8038-GC relating to the tax exempt status of the interest on this installment purchase obligation. The Town agrees to cooperate with the Bank in providing further assurances in that regard.

10. Disposition of Tractor: The Town shall have the right to dispose of the Tractor. In such event, the Town shall either (i) apply all proceeds of sale to the payment of the Installment Payments due hereunder, or (ii) acquire other property to be used by the Town for an essential function.

11. Hold for own account: The Bank intends to hold this investment for its own account. Neither the Bank nor the Town may create a bond, note, certificate of obligation, certificate of participation, or other instrument evidencing a proportionate

interest in the Installment Payments due hereunder, and this Agreement shall not be a "public security" within the meaning of Chapter 1202 of the *Texas Government Code*.

12. Remedies in the event of a default: Should the Town fail to perform its obligations hereunder (including but not limited to failure to make the Installment Payments required in Section 4), the Bank shall have the right to the full extent permitted by law, to take any one or more of the following remedial steps:

- (i) Take whatever action at law or in equity may appear necessary or desirable to collect Installment Payments then due or thereafter to become due, or to enforce performance and observance of any other obligation, agreement or covenant of the Town under this Agreement.
- (ii) Enforce payment of the Installment Payments by writ of mandamus.
- (iii) Enforce the lien granted to the Bank against Town taxes or revenues to secure the Town's obligations hereunder, with reference being made to Section 4(d) of this Agreement.

No remedy herein conferred upon or reserved to the Bank is intended to be exclusive, and every remedy shall be cumulative and shall be an addition to every other remedy given under this Agreement or now hereafter existing at law or in equity. Should any remedy listed above be deemed invalid, the same shall be subject to Section 15 hereof.

13. Notices: Notices or payments sent to the parties hereunder shall be sent to the Bank at the following address:

Spirit of Texas Bank, SSB
5301 Spring Valley Rd. Suite 100
Dallas, TX. 75254

and to the Town at the following address:

Town of Woodloch, Texas
2620 North Woodloch
Conroe, Texas 77385

14. Governing law: This Agreement shall be governed by laws of the State of Texas.

15. Severability: In the event of any invalidity of any of the provisions of this Agreement, the same shall be deemed severable and stricken from the remainder of this Agreement which shall remain in full force and effect.

16. Amendments, changes, and modifications: This Agreement may be amended at any time, but only in writing and if the writing is signed by both the Bank and the Town.

17. No Oral Agreements: This agreement and other written agreements between the parties represent the complete agreement of the parties as regards the Tractor and there are no oral agreements between the parties in that regard.

18. Survival of representations and warranties: The representations and warranties of the parties given herein shall survive the execution of this Agreement.

19. Financial Reports: The Town will provide the Bank with a copy of the Town's annual audit during each year the loan evidenced by this agreement remains outstanding, to be provided within 180 days of each fiscal year end.

Signed and executed as of the date first indicated above.

SPIRIT OF TEXAS BANK, SSB
(the "Bank")

By:  _____

TOWN OF WOODLOCH, TEXAS
(the "Town")

By: _____

Title: _____

Signed and executed as of the date first indicated above.

SPIRIT OF TEXAS BANK, SSB
(the "Bank")

By: _____

TOWN OF WOODLOCH, TEXAS
(the "Town")

By: *Ralph L. [Signature]*

Title: Mayor

Exhibit A

DATE: 6/04/20 Spirit of Texas Bank
 PREPARED FOR: Town of Woodloch 646.64 TERM: 72M
 RATE: 03.000000% PAYMENT:

DATE	NUMBER	INTEREST	PRINCIPAL	C/L	A/H	UN EMP	PAYMENT	TOTAL	BALANCE
7/04/20	1	106.40	540.24	.00	.00	.00	.00	646.64	42,019.76
8/04/20	2	105.05	541.59	.00	.00	.00	.00	646.64	41,478.17
9/04/20	3	103.70	542.94	.00	.00	.00	.00	646.64	40,935.23
10/04/20	4	102.34	544.30	.00	.00	.00	.00	646.64	40,390.93
11/04/20	5	100.98	545.66	.00	.00	.00	.00	646.64	39,845.27
12/04/20	6	99.61	547.03	.00	.00	.00	.00	646.64	39,298.24
CALENDAR YEAR 2020									
1/04/21	7	618.08	3,261.76	.00	.00	.00	.00	3,879.84	38,749.85
2/04/21	8	98.25	548.39	.00	.00	.00	.00	646.64	38,200.08
3/04/21	9	96.87	549.77	.00	.00	.00	.00	646.64	37,648.94
4/04/21	10	95.50	551.14	.00	.00	.00	.00	646.64	37,096.42
5/04/21	11	94.12	552.52	.00	.00	.00	.00	646.64	36,542.52
6/04/21	12	92.74	553.90	.00	.00	.00	.00	646.64	35,987.24
7/04/21	13	91.36	555.28	.00	.00	.00	.00	646.64	35,430.57
8/04/21	14	89.97	556.67	.00	.00	.00	.00	646.64	34,872.51
9/04/21	15	88.58	558.06	.00	.00	.00	.00	646.64	34,313.05
10/04/21	16	87.18	559.46	.00	.00	.00	.00	646.64	33,752.19
11/04/21	17	85.78	560.86	.00	.00	.00	.00	646.64	33,189.93
12/04/21	18	84.38	562.26	.00	.00	.00	.00	646.64	32,626.26
CALENDAR YEAR 2021									
1/04/22	19	1,087.70	6,671.98	.00	.00	.00	.00	7,759.68	32,061.19
2/04/22	20	81.57	565.07	.00	.00	.00	.00	646.64	31,494.70
3/04/22	21	80.15	566.49	.00	.00	.00	.00	646.64	30,926.80
4/04/22	22	78.74	567.90	.00	.00	.00	.00	646.64	30,357.48
5/04/22	23	77.32	569.32	.00	.00	.00	.00	646.64	29,786.73
6/04/22	24	75.89	570.75	.00	.00	.00	.00	646.64	29,214.56
7/04/22	25	74.47	572.17	.00	.00	.00	.00	646.64	28,640.96
8/04/22	26	73.04	573.60	.00	.00	.00	.00	646.64	28,065.92
9/04/22	27	71.60	575.04	.00	.00	.00	.00	646.64	27,489.44
10/04/22	28	70.16	576.48	.00	.00	.00	.00	646.64	26,911.52
11/04/22	29	68.72	577.92	.00	.00	.00	.00	646.64	26,332.16
12/04/22	30	67.28	579.36	.00	.00	.00	.00	646.64	25,751.35
CALENDAR YEAR 2022									
1/04/23	31	884.77	6,874.91	.00	.00	.00	.00	7,759.68	25,169.09
2/04/23	32	64.38	582.26	.00	.00	.00	.00	646.64	24,585.37
3/04/23	33	62.92	583.72	.00	.00	.00	.00	646.64	24,000.19
4/04/23	34	61.46	585.18	.00	.00	.00	.00	646.64	23,413.55
5/04/23	35	60.00	586.64	.00	.00	.00	.00	646.64	22,825.44
6/04/23	36	58.53	588.11	.00	.00	.00	.00	646.64	22,235.86
7/04/23	37	57.06	589.58	.00	.00	.00	.00	646.64	21,644.81
8/04/23	38	55.59	591.05	.00	.00	.00	.00	646.64	21,052.28
9/04/23	39	54.11	592.53	.00	.00	.00	.00	646.64	20,458.27
10/04/23	40	52.63	594.01	.00	.00	.00	.00	646.64	19,862.78
11/04/23	41	51.15	595.49	.00	.00	.00	.00	646.64	19,265.80
12/04/23	41	49.66	596.98	.00	.00	.00	.00	646.64	

DATE: 6/04/20

Spirit of Texas Bank

PAGE: 2

PREPARED FOR: Town of Woodloch

RATE: 03.000000% PAYMENT: 646.64 TERM: 72M

DATE	NUMBER	INTEREST	PRINCIPAL	C/L	A/H	UN EMP	BROUGHT FORWARD	PAYMENT	TOTAL	BALANCE
12/04/23	42	48.16	598.48	.00	.00	.00	.00	646.64	646.64	18,667.32
CALENDAR YEAR 2023										
1/04/24	43	46.67	599.97	.00	.00	.00	.00	646.64	646.64	18,067.35
2/04/24	44	45.17	601.47	.00	.00	.00	.00	646.64	646.64	17,465.88
3/04/24	45	43.66	602.98	.00	.00	.00	.00	646.64	646.64	16,862.90
4/04/24	46	42.16	604.48	.00	.00	.00	.00	646.64	646.64	16,258.42
5/04/24	47	40.65	605.99	.00	.00	.00	.00	646.64	646.64	15,652.43
6/04/24	48	39.13	607.51	.00	.00	.00	.00	646.64	646.64	15,044.92
7/04/24	49	37.61	609.03	.00	.00	.00	.00	646.64	646.64	14,435.89
8/04/24	50	36.09	610.55	.00	.00	.00	.00	646.64	646.64	13,825.34
9/04/24	51	34.56	612.08	.00	.00	.00	.00	646.64	646.64	13,213.26
10/04/24	52	33.03	613.61	.00	.00	.00	.00	646.64	646.64	12,599.65
11/04/24	53	31.50	615.14	.00	.00	.00	.00	646.64	646.64	11,984.51
12/04/24	54	29.96	616.68	.00	.00	.00	.00	646.64	646.64	11,367.83
CALENDAR YEAR 2024										
1/04/25	55	28.42	618.22	.00	.00	.00	.00	646.64	646.64	10,749.61
2/04/25	56	26.87	619.77	.00	.00	.00	.00	646.64	646.64	10,129.84
3/04/25	57	25.32	621.32	.00	.00	.00	.00	646.64	646.64	9,508.52
4/04/25	58	23.77	622.87	.00	.00	.00	.00	646.64	646.64	8,885.65
5/04/25	59	22.21	624.43	.00	.00	.00	.00	646.64	646.64	8,261.22
6/04/25	60	20.65	625.99	.00	.00	.00	.00	646.64	646.64	7,635.23
7/04/25	61	19.09	627.55	.00	.00	.00	.00	646.64	646.64	7,007.68
8/04/25	62	17.52	629.12	.00	.00	.00	.00	646.64	646.64	6,378.56
9/04/25	63	15.95	630.69	.00	.00	.00	.00	646.64	646.64	5,747.87
10/04/25	64	14.37	632.27	.00	.00	.00	.00	646.64	646.64	5,115.90
11/04/25	65	12.79	633.85	.00	.00	.00	.00	646.64	646.64	4,481.75
12/04/25	66	11.20	635.44	.00	.00	.00	.00	646.64	646.64	3,846.31
CALENDAR YEAR 2025										
1/04/26	67	238.16	7,521.52	.00	.00	.00	.00	7,759.68	7,759.68	3,209.29
2/04/26	68	9.62	637.02	.00	.00	.00	.00	646.64	646.64	2,570.67
3/04/26	69	6.45	640.21	.00	.00	.00	.00	646.64	646.64	1,930.46
4/04/26	70	4.83	643.81	.00	.00	.00	.00	646.64	646.64	1,288.65
5/04/26	71	3.22	645.42	.00	.00	.00	.00	646.64	646.64	645.23
6/04/26	72	1.61	645.23	.00	.00	.00	.00	646.64	646.64	.00
CALENDAR YEAR 2026										
1/04/26	67	33.73	3,846.31	.00	.00	.00	.00	3,880.04	3,880.04	46,558.28
GRAND TOTAL										
		3,998.28	42,560.00	.00	.00	.00	.00			

Signed as of this 28 day of May, 2020.

TOWN OF WOODLOCH, TEXAS

By: 

Title: Mayor

NO ARBITRAGE AND TAX CERTIFICATE

This Certificate is given for the benefit of all persons interested in the Financing Agreement dated May 28, 2020 and entered into between the Town of Woodloch, Texas (the "Issuer") and Spirit of Texas Bank, SSB (with the Financing Agreement sometimes referred to as the "Issue"). There are sections herein dealing with:

1. The Issue
2. Proceeds of the Issue and How They Are Used
3. Issue Not "Private Activity Bonds"
4. General Restrictions on Tax-exempt Obligations
5. Issue Not Arbitrage Bonds
6. Rebate
7. Miscellaneous

The Financing Agreement is being entered by the Town of Woodloch, Texas, the "Issuer." The Issuer is a town of the State of Texas, and has more than an insubstantial amount of one or more of the powers of eminent domain, the power to tax, or the police power.

The Issuer hereby certifies that the following are its reasonable expectations as of the issue date of the Issue regarding the amount and use of the gross proceeds of the issue. The section on "Rebate" is not based on reasonable expectations but on the actual facts that occur with regard to the Issue, and is included solely to help the Issuer determine its rebate liability, if any.

1. What is the Issue?

(a) The Issue is not to be aggregated with any other issue. There is no other issue of obligations being sold by the Issuer at substantially the same time, pursuant to the same plan of financing, and reasonably expected to be payable from substantially the same source of funds. [Reg. 1.150-1(c)]

(b) No other issue of obligations will be, or has been, sold by the Issuer within fifteen (15) days of the date of funding of the Issue. [Reg. 1.150-1(c)(i)]

2. Proceeds of the Issue and How They Are Used.

(a) The following are the proceeds of the issue:¹

¹As further defined in Section 5(d) hereof.

(1)	Sale Proceeds [Reg. 1.148-1(b)]	\$42,560
(2)	Investment Proceeds [Reg. 1.148-1(b)]	\$0 ²
(3)	Transferred Proceeds [Reg. 1.148-1(b)]	\$0
(4)	Replacement Proceeds [Reg. 1.148-1(c)]	\$0

“Replacement proceeds” are included in determining “gross proceeds.”

(b) The proceeds are to be used as follows:

(1) \$0 is to be used to pay costs of issuance.

(2) \$0 is to be deposited into a bona fide debt service fund, to be used primarily to achieve a proper matching of revenues with principal and interest payments due on the Issue during each year, to be depleted at least once each bond year except for a reasonable carryover amount not to exceed the greater of (i) the earnings on such fund for the immediately preceding bond year or (ii) 1/12th of the principal and interest payments on the issue for the immediately preceding bond year. [Reg. 1.148-1(b)]

(3) \$0 is to be placed in a reserve fund, reasonably expected to be used directly or indirectly to pay principal or interest on the issue. [Reg. 1.148-1(c)(2)] [There is no reserve fund established for the Issue.]

(4) \$42,560 plus investment earnings, if any, is to be placed into a separate fund of the Issuer, for purchase of a tractor (the “Tractor”).

The amounts received from the sale of the Issue or from the investment thereof do not exceed the anticipated costs of acquiring the Tractor.

3. Issue Not a Private Activity Bond. The sole user of the proceeds of the Issue is the Issuer. No person has any obligation whatsoever in regard to repayment of the Issue other than the Issuer. In particular:

(a) None of the proceeds of the Issue are to be used for any private business use, being a trade or business carried on by any person other than a governmental unit.

(b) The Tractor is to be owned and used solely by the Issuer.

² Proceeds of the Issue will be spent immediately to acquire the Tractor.

(c) The Issuer contracts with an outside company to operate the Tractor. Payments are made based on mileage the Tractor is driven, and no portion of the payments are based on net profits of the Issuer.

(d) The payment of the principal of, or the interest on, more than ten percent (10%) of the proceeds of the Issue is not directly or indirectly secured by any interest in property used or to be used for any private business use, payments in respect of such property, or to be derived from payments (whether or not such payments are made to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use.

(e) None of the proceeds of the Issue are to be used for any unrelated private business use, or any disproportionate business use.

(f) None of the proceeds of the Issue are being used to make loans to persons other than governmental units.

(g) There is no private business that has a special legal entitlement to beneficial use of the Tractor.

(h) There is no special economic benefit derived from the Tractor based on all the facts and circumstances, even about a special legal entitlement.

The amount of private business use for the Tractor is anticipated to be 0%.

4. General Requirements Applicable to All Tax Exempt Obligations.

(a) The Issue is being privately placed with a bank for its own account and is not the type of obligation that is registration required.

(b) The Issue is not federally guaranteed. In particular, (i) payment of the principal or interest with respect to such Issue is not guaranteed, either directly or indirectly, in whole or in part by the United States or any agency or instrumentality thereof; (ii) five percent (5%) or more of the proceeds of the Issue are not to be used in making loans the payment of principal or interest with respect to which are to be guaranteed in whole or in part by the United States or any agency or instrumentality thereof; and (iii) five percent (5%) or more of the proceeds of the Issue are not to be invested, directly or indirectly, in federally insured accounts.

(c) The Issuer agrees to file the information reporting requirements (Form 8038-G) required by Section 149(e) no later than the 15th day of the second calendar month after the close of the calendar quarter in which the Issue are issued.

(d) The Issue is not "pooled financing bonds." None of the proceeds of the Issue are reasonably expected at the time of issuance to be used (or are intentionally used) directly or indirectly to make or finance loans to two or more ultimate borrowers. [Section 149(f)]

(e) The Issue is not a hedge bond. The Issuer reasonably expects that eighty-five percent (85%) of the spendable proceeds of the Issue will be used to carry out the governmental purposes of the Issue within the three (3) year period beginning on the date the Issue is issued, and none of the proceeds of the Issue shall be invested in non-purpose investments having a substantially guaranteed yield for four (4) years or more. [Section 149(g)]

5. Issue Not Arbitrage Bonds.

(a) Issue Price.

(1) The "Issue price" of the Issue, being the first price at which a substantial amount (ten percent (10%) or more) of the Issue is sold to the public, is \$42,560.

(b) Yield. The "yield" on the Issue, being the discount rate that, when used in computing the present value as of the issue date of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Issue, and amounts reasonably expected to be paid as fees for qualified guarantees on the Issue, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Bonds, of the issue as of the issue date is 3.000% per annum. [Reg. 1.148-4(a) and (b)]

(c) What Is "Materially Higher" Yield? The amount by which yield on the acquired obligations (i.e., those in which the gross proceeds of the Issue are invested) may exceed the yield on the Issue is 1/8th of one percent (1%). [Reg. 1.148-2(d)(2)(i)]. For replacement proceeds, "Materially higher" means 1/1000 of one percent (1%). [Reg. 1.148-2(d)(2)(ii)]

(d) What Are the "Gross Proceeds" Subject to Arbitrage Restriction? [Reg. 1.148-2(a)]

(1) Sale Proceeds of the Issue, being all amounts actually or constructively received from the sale of the Issue, including amounts used to pay underwriter's discount or compensation and accrued interest are \$42,560.

(2) Transferred Proceeds do not apply since the Issue is not a refunding bond.

(3) Investment Proceeds, being all amounts actually or constructively received from investing proceeds of an Issue, are anticipated to be \$0.

(4) Replacement Proceeds, being amounts that have a sufficient direct nexus to the issue or the governmental purpose of the Issue to conclude that such amounts would have been used for the governmental purpose of the Issue if the Issue were not used or to be used for such purpose, are \$0. [Reg. 1.148-1(c)] Such amounts include all sinking funds, pledge funds or other such funds held by or derived from a "substantial beneficiary of the issue," to the extent reasonably expected to be used, [Id.] for example:

- (i) debt service funds (funded only as payments are due)
- (ii) redemption funds (none)
- (iii) reserve funds (none)
- (iv) funds which are pledged directly or indirectly to pay principal or interest on the issue. (none)

Mere availability or preliminary earmarking of amounts to fund the Tractor do not, in themselves, establish sufficient nexus to cause those amounts to be replacement proceeds.

There are no negative pledges related to the Issue. No amounts are pledged to pay principal or interest on the Issue and held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders of the Issue. [Reg. 1.148-1(c)(3)(ii)]

The Issue is not outstanding too long, thereby giving rise to "other replacement proceeds" under Reg. 1.148-1(c)(4). The weighted average maturity of the Issue does not exceed 120% of the average reasonably expected economic life of the Tractor.

(e) The Issuer hereby represents that none of the gross proceeds of the Issue are reasonably expected to be invested in materially higher yield "investment type property" other than as part of a reasonably required reserve or replacement fund or for a "Temporary Period" as defined below.

(1) Reserve Fund. [See Reg. 1.148-2(f)] There is no reserve fund for the Issue.

(2) Bona Fide Debt Service Fund. \$0 of the proceeds are being deposited into a "Bona Fide Debt Service Fund" (the "Interest and Sinking Fund" or "Bond Fund"). Any amounts invested in this Fund at a materially higher yield than the yield on the Issue will only be so invested for a temporary period that does not exceed thirteen (13) months. [Reg. 1.148-2(e)(5)(ii)] All amounts received from investment of this fund will be expended within twelve (12) months of the receipt thereof.

(3) Tractor Fund. The \$42,560 plus investment income (if any) deposited to pay costs of acquisition of the Tractor, if invested in higher yielding investments, will qualify under the three (3) year temporary period rule. [Reg. 1.148-2(e)(2)] The Issuer anticipates the entire sales proceeds will be used to purchase the Tractor the same month during which the Issue was issued. The Issuer reasonably expects:

(i) At least eighty-five percent (85%) of the net sale proceeds³ of the Issue are to be allocated to expenditures on the Tractor by three (3) years after the issue date.

(ii) Within six (6) months of the issue date, the Issuer will incur a substantial binding obligation to a third party to expend at least five percent (5%) of the net sale proceeds of the Issue on the Tractor. (The Issuer will purchase the Tractor promptly after the Issue is funded.)

(iii) The delivery of the Tractor, and the allocation of net sale proceeds to expenditures for the Tractor, shall proceed with due diligence.

(f) No Overissuance or Other Abusive Device. The Issuer certifies it has taken no action to enable it to exploit the difference between taxable and tax-exempt interest rates to obtain a material financial advantage, or to overburden the tax-exempt bond market. In particular, the Issuer has not issued a larger Issue, issued the Issue earlier, or allowed the Issue to stay outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Issue, based on all the facts and circumstances. The proceeds of the Issue are not reasonably expected to exceed the amount necessary to accomplish the governmental purposes of the Issue.

6. Rebate. The Issuer has agreed to rebate to the United States of America the excess of amounts earned on all non-purpose investments over the amounts that would have been earned if those investments had a yield equal to the yield on the Issue, plus any income attributable to such excess. [Section 148(f), Reg. 1.148-3(a) and (b)]

Exceptions: Notwithstanding the above, the Issuer anticipates not having to make rebate payments because the following apply:

Spending Exception.

(1) Six Months Exception. [Reg. 1.148-7(c)] Gross proceeds of the Issue shall be allocated to expenditures for the governmental purposes of the issue within six (6) months of the issue date. The following amounts are not included in gross proceeds of this section:

- (a) Amounts in a bona fide debt service fund
- (b) Amounts in a reasonably required reserve and replacement fund
- (c) Amounts that as of the issue date are not reasonably expected to be gross proceeds but that become gross proceeds after the six months spending period
- (d) Amounts representing sale or investment proceeds derived from payments under any purpose investment
- (e) Amounts representing repayments of grants

³"Net sale proceeds" are the sale proceeds minus those proceeds deposited into a reasonably required reserve and replacement fund or as part of a "minor portion." [Reg. 1.148-1(b)]

Rebate must still be paid on these excluded amounts except earnings on a bond fide debt service fund.

No Positive Arbitrage

The Issuer will not invest the proceeds of the Issue at all, and not at a yield in excess of the yield on the Issue (2.750% per annum).

7. Miscellaneous.

(a) The Issuer is executing and delivering this Certificate pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 as amended to the date hereof, and Treasury Regulations Sections 1.103-13, 1.103-14, 1.103-15, 1.148-0 through 1.148-11, 1.149(d)-1, and 1.150-1 (the "Regs"). The Issuer hereby elects to apply the Regs to the Issue.

(b) This Certificate is based on the facts and estimates described herein in existence on this date, which is the date of delivery of the Issue against the payment by the initial purchasers thereof. On the basis of such facts and estimates, I expect that the future events described herein will occur. To the best of my knowledge and belief, the expectations set forth herein are reasonable.

(c) No receipts from the sale of the Issue or amounts received from the investment thereof will be used to pay the principal of or interest on any presently outstanding obligations of the Issuer other than the Issue.

(d) To the extent the proceeds of the Issue and investment income thereon are in excess of the amount required for the purposes set forth in Section 2(b), that the unexpended proceeds or income shall be transferred to the Bond Fund/Interest and Sinking Fund or be applied for one or more other authorized purposes.

(e) In the event the Issuer has reimbursed itself for any expenditures made by it from the proceeds of the Issue, such reimbursement is in accordance with Reg. 1.150-2.

(f) The Issuer hereby designates the Issue as bank qualified under Section 265 of the Code. The amount of tax exempt obligations to be issued by the Issuer or any subsidiary entities to the Issuer, or any entities acting on behalf of the Issuer, during calendar year 2020 shall not exceed \$10,000,000.

TOWN OF WOODLOCH, TEXAS
(THE "ISSUER")

BY: *Ralph Linsp.*

TITLE: Mayor

DATE: 5-28-20

EXHIBIT A
TO
NO ARBITRAGE AND TAX CERTIFICATE

TOWN OF WOODLOCH, TEXAS
2020 FINANCING AGREEMENT

CERTIFICATE OF SPIRIT OF TEXAS BANK, SSB

The undersigned, on behalf of SPIRIT OF TEXAS BANK, SSB (the "Purchaser"), hereby certifies as set forth below with respect to the purchase of the above-captioned obligations.

1. **Purchase of the Agreement.** On the date of this certificate, the Purchaser is making the loan evidenced by the Town of Woodloch, Texas 2020 Financing Agreement (the "Agreement") for the amount of \$42,560, being the par amount thereof and without premium or discount.

2. **Purchaser Not an Underwriter.** The Purchaser is not acting as an Underwriter with respect to the Agreement. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Agreement (or any portion of the Agreement or any interest in the Agreement or the related "Installment Payments"). The Purchaser has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Agreement and the Purchaser has not agreed with the Issuer pursuant to a written agreement to sell the Agreement to persons other than the Purchaser or a related party to the Purchaser.

The Agreement is being sold by the Issuer to the Purchaser in a direct private placement and is not being sold or offered for sale to members of the Public.

2. **Defined Terms.**

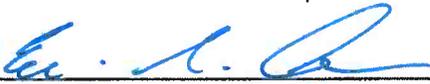
(a) **Public** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(b) **Underwriter** means (i) any 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 Agreement to the Public, and (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 Agreement to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Agreement to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws;

including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. 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 No Arbitrage and Tax Certificate and with respect to compliance with the federal income tax rules affecting the Agreement, and by Naman, Howell, Smith & Lee, PLLC in connection with rendering its opinion that the interest on the Agreement is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Purchaser from time to time relating to the Agreement.

SPIRIT OF TEXAS BANK, SSB, as
Purchaser

By: 
Name: Eric S. Anderson

Dated: _____, 2020



**NAMAN HOWELL
SMITH & LEE^{PLLC}**
ATTORNEYS AT LAW

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- Austin
- Fort Worth
- San Antonio
- Waco

www.namanhowell.com

June 4, 2020

**CERTIFIED MAIL NO. 7016 1370 0000 9942 9655
RETURN RECEIPT REQUESTED**

Internal Revenue Service Center
Ogden, Utah 84201

Re: Form 8038-GC for the Town of Woodloch,
Texas 2020 Financing Agreement

Dear Sirs:

Please find enclosed an original and one acknowledgment copy of the signed Form 8038-GC in regard to the Town of Woodloch, Texas 2020 Financing Agreement.

Please return the file-marked copy to us in the enclosed self-addressed and stamped envelope.

Best regards.

Very truly yours,

NAMAN, HOWELL, SMITH & LEE, PLLC

BY:

Dan Pleitz

JDP:vf
Enclosure

**Information Return for Small Tax-Exempt
 Governmental Bond Issues, Leases, and Installment Sales**

OMB No. 1545-0720

► Under Internal Revenue Code section 149(e)

Caution: If the issue price of the issue is \$100,000 or more, use Form 8038-G.

Part I Reporting Authority		Check box if Amended Return ► <input type="checkbox"/>
1 Issuer's name Town of Woodloch, Texas		2 Issuer's employer identification number (EIN) 4 2 1 9 4 2 6 3 5
3 Number and street (or P.O. box if mail is not delivered to street address) 2620 North Woodloch		Room/suite
4 City, town, or post office, state, and ZIP code Conroe, Texas 77385		5 Report number (For IRS Use Only) [] [] []
6 Name and title of officer or other employee of issuer or designated contact person whom the IRS may call for more information Ralph Leino Jr., Mayor		7 Telephone number of officer or legal representative (936) 321-3700

Part II Description of Obligations Check one: a single issue <input checked="" type="checkbox"/> or a consolidated return <input type="checkbox"/>	
8a Issue price of obligation(s) (see instructions)	8a 42,560 00
b Issue date (single issue) or calendar date (consolidated). Enter date in mm/dd/yyyy format (for example, 01/01/2009) (see instructions) ►	
9 Amount of the reported obligation(s) on line 8a that is:	
a For leases for vehicles	9a
b For leases for office equipment	9b
c For leases for real property	9c
d For leases for other (see instructions)	9d
e For bank loans for vehicles	9e 42,560 00
f For bank loans for office equipment	9f
g For bank loans for real property	9g
h For bank loans for other (see instructions)	9h
i Used to refund prior issue(s)	9i
j Representing a loan from the proceeds of another tax-exempt obligation (for example, bond bank)	9j
k Other	9k
10 If the issuer has designated any issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check this box ► <input checked="" type="checkbox"/>	
11 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check this box (see instructions) ► <input type="checkbox"/>	
12 Vendor's or bank's name: Spirit of Texas Bank, SSB	
13 Vendor's or bank's employer identification number: 2 6 3 7 4 6 8 3 7	

Signature and Consent
 Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person(s) that I have authorized above.

Signature of issuer's authorized representative: *Ralph Leino Jr.* Date: 5-28-20
 Type or print name and title: Mayor - Ralph Leino Jr

Paid Preparer Use Only	Print/Type preparer's name Dan Pleitz	Preparer's signature <i>D Pleitz</i>	Date 06/04/2020	Check <input type="checkbox"/> if self-employed	PTIN P01607972
	Firm's name ► Naman, Howell, Smith & Lee, PLLC			Firm's EIN ► 74-2004800	
	Firm's address ► P.O. Box 1470, Texas 76703			Phone no. 254-755-4100	

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

What's New

The IRS has created a page on IRS.gov for information about the Form 8038 series and its instructions, at www.irs.gov/form8038. Information about any future developments affecting the Form 8038 series (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

Form 8038-GC is used by the issuers of tax-exempt governmental obligations to provide the IRS with the information required by section 149(e) and to monitor the requirements of sections 141 through 150.

Who Must File

Issuers of tax-exempt governmental obligations with issue prices of less than \$100,000 must file Form 8038-GC.

Issuers of a tax-exempt governmental obligation with an issue price of \$100,000 or more must file Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

Filing a separate return for a single issue. Issuers have the option to file a separate Form 8038-GC for any tax-exempt governmental obligation with an issue price of less than \$100,000.

An issuer of a tax-exempt bond used to finance construction expenditures must file a separate Form 8038-GC for each issue to give notice to the IRS that an election was made to

pay a penalty in lieu of arbitrage rebate (see the line 11 instructions).

Filing a consolidated return for multiple issues. For all tax-exempt governmental obligations with issue prices of less than \$100,000 that are not reported on a separate Form 8038-GC, an issuer must file a consolidated information return including all such issues issued within the calendar year.

Thus, an issuer may file a separate Form 8038-GC for each of a number of small issues and report the remainder of small issues issued during the calendar year on one consolidated Form 8038-GC. However, if the issue is a construction issue, a separate Form 8038-GC must be filed to give the IRS notice of the election to pay a penalty in lieu of arbitrage rebate.



NAMAN HOWELL
SMITH & LEE^{PLLC}
ATTORNEYS AT LAW

June 1, 2020

Spirit of Texas Bank, SSB
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Dallas, Texas 75254

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- Fort Worth
- San Antonio
- Waco

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Re: 2020 Financing Agreement by
and between the Town of Woodloch, Texas
(the "Town") and Spirit of Texas Bank, SSB
(the "Bank")

Dear Sirs:

We have served as counsel to Spirit of Texas Bank, SSB (the "Bank") in reference to the above captioned Financing Agreement (the "Agreement") entered between the Bank and the Town of Woodloch, Texas (the "Town"). The Agreement is being used to finance a tractor.

We have reviewed the Agreement and certain certificates of officials of the Town relating to the Agreement and the proceedings contemplated therein. We have also reviewed the Constitution and applicable laws of the State of Texas and a transcript of certified proceedings of the Town relating to the Agreement.

Based upon such examination, it is our opinion under applicable law now in force and effect that:

1. The Agreement has been duly authorized by the Town and constitutes a legally valid, binding and enforceable obligation of the Town, except to the extent that enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principals of equity.
2. Assuming continuing compliance after the date hereof by the Town with the representations and certifications of the Town made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Agreement, interest on the "Installment Payments" due under the Agreement for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal

Revenue Code of 1986, as amended to the date hereof (the "Code"), of the Bank pursuant to section 103 of the Code, under existing regulations, published rulings, and court decisions. The Agreement is not a "private activity bond" within the meaning of the Code, and interest on the Installment Payments is not a specific preference item for purposes of the alternative minimum tax.

Based on representations made to us by the Town, the Agreement is a "qualified tax exempt obligation" (i.e., "bank qualified") under Section 265 of the Code. This means the interest component of the Installment Payments is not subject to the 100% interest expense disallowance under Section 265 of the Code, but is subject to the 20% interest expense disallowance under Section 291(a)(3) of the Code.

We express no opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Financing Agreement. Ownership of tax-exempt obligations such as the Financing Agreement may result in collateral federal tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Spirit of Texas Bank, SSB is expressly authorized to rely on this opinion.

Very truly yours,

NAMAN, HOWELL, SMITH & LEE, PLLC

Naman Howell Smith & Lee, PLLC