

February 21, 2020

BY EMAIL

Ms. Peggy Kilborn
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Re: Fannin County, Texas Combination Tax and Limited Pledge Revenue Certificates of
Obligation, Series 2020

Dear Peggy:

I enclose our Firm's comments to the initial draft of the final Official Statement pertaining to the captioned financing. After you have reviewed these suggested comments and revisions, please do not hesitate to contact me if we need to discuss this matter further. I have also enclosed our Firm's legal opinion as Bond Counsel for inclusion as Appendix C to this final Official Statement.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,



Arnold Cantu III

AC/jcq

Enclosures

cc: Honorable Randy Moore (Fannin County, Texas)
Ms. Alicia Whipple (Fannin County, Texas)
Ms. Sherry Zindars (Fannin County, Texas)
Mr. Mark McLiney (SAMCO Capital Markets, Inc.)
Mr. Andrew Friedman (SAMCO Capital Markets, Inc.)
Mr. George W. Scofield (Firm)
Mr. W. Jeffrey Kuhn (Firm)
Ms. Stephanie V. Leibe (Firm)
Mr. Adam C. Harden (Firm)
Mr. Matthew A. Lee (Firm)
Mr. John D. Hall (Firm)

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FINAL

IN REGARD to the authorization and issuance of the “Fannin County, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020” (the *Certificates*), dated March 1, 2020 in the aggregate principal amount of \$9,860,000, we have reviewed the legality and validity of the issuance thereof by the Commissioners Court of Fannin County, Texas (the *Issuer*). The Certificates are issuable in fully registered form only, in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity), and have Stated Maturities of March 1 in each of the years 2022 through 2040, March 1, 2042, and March 1, 2045, unless optionally or mandatorily redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Certificates. Interest on the Certificates accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the order (the *Order*) authorizing the issuance of the Certificates. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Order.

WE HAVE SERVED AS BOND COUNSEL for the Issuer solely to pass upon the legality and validity of the issuance of the Certificates under the laws of the State of Texas and with respect to the exclusion of the interest on the Certificates from the gross income of the owners thereof for federal income tax purposes and for no other purpose. 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 Issuer’s library system (the *Library System*) and have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Certificates. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Certificates. Our role in connection with the Issuer’s Official Statement prepared for use in connection with the sale of the Certificates has been limited as described therein.

WE HAVE EXAMINED, the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Commissioners Court of the Issuer in connection with the issuance of the Certificates, including the Order; (2) customary certifications and opinions of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Certificates and certain other funds of the Issuer and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Certificate executed and delivered initially by the Issuer and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of “FANNIN COUNTY, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020”

concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that the Certificates have been duly authorized and issued in conformity with the laws of the State of Texas now in force and that the Certificates are valid and legally binding obligations of the Issuer enforceable in accordance with the terms and conditions described therein, except to the extent that the 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 principles of equity. The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the Issuer and are further payable from and secured by a lien on and pledge of the Pledged Revenues, being a limited amount of the Net Revenues derived from the operation of the Library System, such lien on and pledge of the limited amount of Net Revenues, being subordinate and inferior to the lien on and pledge of such Net Revenues securing the payment of any Prior Lien Bonds or Junior Lien Bonds hereafter issued by the Issuer. In the Order, the Issuer retains the right to issue Prior Lien Bonds, Junior Lien Bonds, and Parity Obligations without limitation as to principal amount but subject to any terms, conditions, or restrictions as may be applicable thereto under law or otherwise.

BASED ON OUR EXAMINATION, IT IS FURTHER OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Order and in reliance upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Certificates, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Certificates will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Certificates will not be included in computing the alternative minimum taxable income of the owners thereof.

WE EXPRESS NO OTHER 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 Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income 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.

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

Legal Opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, in connection with the authorization and issuance of “FANNIN COUNTY, TEXAS COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020”

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; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP

DRAFT

NAT
2/21/2020

NEW ISSUE BOOK-ENTRY-ONLY

Rating: S&P "AA-"
(See "OTHER PERTINENT INFORMATION - Ratings" herein)

OFFICIAL STATEMENT
Dated: February 18, 2020

In the opinion of Bond Counsel (named below), assuming continuing compliance by the County (defined below) after the date of initial delivery of the Certificates (defined below) to the Purchaser (defined below) with certain covenants contained in the Order (defined below) and subject to the matters set forth under "TAX MATTERS" herein, interest on the Certificates for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Certificates, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof. See "TAX MATTERS".

The County has designated the Certificates as "Qualified Tax-Exempt Obligations"
See "TAX MATTERS - Qualified Tax-Exempt Obligations" herein

\$9,860,000
FANNIN COUNTY, TEXAS
COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2020

Dated Date: March 1, 2020

Due: March 1, as shown on page ii

The \$9,860,000 Fannin County, Texas (the "County" or the "Issuer") Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (the "Certificates") are being issued pursuant to the Constitution and the general laws of the State of Texas (the "State"), including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Local Government Code, Section 1473.002, as amended, Texas Local Government Code, Chapter 323, as amended and an order (the "Order") adopted by the Commissioners Court on February 18, 2020. (See "THE CERTIFICATES - Authority for Issuance" herein.)

The Certificates constitute direct obligations of the Issuer payable from an annual ad valorem tax levied against all taxable property in the County, within the limits prescribed by law and are additionally payable from a lien on and limited pledge of the net revenues (the "Net Revenues") derived from the operation of the County's library system (the "System"); such pledge being limited to \$1,000 and being junior and subordinate to the lien on and pledge of the Net Revenues securing the payment of obligations senior thereto, if any, hereafter issued by the County. (See "THE CERTIFICATES - Security for Payment" herein.)

Interest on the Certificates will accrue from March 1, 2020 (the "Dated Date") as shown above and will be payable on March 1, 2021, and on each September 1 and March 1 thereafter, until the earlier of stated maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The definitive Certificates will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Certificates will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Certificates ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Certificates purchased. So long as DTC or its nominee is the registered owner of the Certificates, the principal of and interest on the Certificates will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to DTC, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Certificates. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Certificates will be for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) acquiring, designing, purchasing, renovating, constructing, reconstructing, improving or equipping the Fannin County Courthouse; (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) payment for professional services relating to the design, construction, project management, and financing of the aforementioned project. (See "THE CERTIFICATES - Use of Certificate Proceeds" herein.)

The Issuer reserves the right to redeem the Certificates maturing on and after March 1, 2030, on March 1, 2029, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. In addition, the Certificates maturing on March 1, 2042 and March 1, 2045 are also subject to mandatory sinking fund redemption, as further described herein. (See "THE CERTIFICATES - Redemption Provisions" herein.)

STATED MATURITY SCHEDULE
(On Page ii)

The Certificates are offered for delivery, when, as and if issued and received by Robert W. Baird & Co. Incorporated (the "Purchaser") and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, San Antonio, Texas, Bond Counsel. (See Appendix C – Form of Legal Opinion of Bond Counsel and "OTHER PERTINENT INFORMATION - Legal Opinions and No-Litigation Certificate" herein). It is expected that the Certificates will be available for delivery through DTC on or about March 10, 2020.

STATED MATURITY SCHEDULE*
(Due March 1)
Base CUSIP – 307135^(a)

\$7,350,000 Serial Certificates

Stated Maturity March 1	Principal Amount	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix ^(a)
2022	\$ 265,000 ✓	3.000 ✓	1.000 ✓	FH1 ✓
2023	315,000 ✓	3.000 ✓	1.030 ✓	FJ7 ✓
2024	325,000 ✓	3.000 ✓	1.060 ✓	FK4 ✓
2025	330,000 ✓	3.000 ✓	1.100 ✓	FL2 ✓
2026	340,000 ✓	3.000 ✓	1.150 ✓	FM0 ✓
2027	355,000 ✓	3.000 ✓	1.250 ✓	FN8 ✓
2028	365,000 ✓	3.000 ✓	1.350 ✓	FP3 ✓
2029	375,000 ✓	3.000 ✓	1.450 ✓	FQ1 ✓
2030	385,000 ✓	2.000 ✓	1.550 ^(b) ✓	FR9 ✓
2031	390,000 ✓	2.000 ✓	1.650 ^(b) ✓	FS7 ✓
2032	400,000 ✓	2.000 ✓	1.750 ^(b) ✓	FT5 ✓
2033	410,000 ✓	2.000 ✓	1.850 ^(b) ✓	FU2 ✓
2034	415,000 ✓	2.000 ✓	2.000 ✓	FV0 ✓
2035	425,000 ✓	2.000 ✓	2.040 ✓	FW8 ✓
2036	435,000 ✓	2.000 ✓	2.080 ✓	FX6 ✓
2037	440,000 ✓	2.000 ✓	2.120 ✓	FY4 ✓
2038	450,000 ✓	2.125 ✓	2.160 ✓	FZ1 ✓
2039	460,000 ✓	2.125 ✓	2.200 ✓	GA5 ✓
2040	470,000 ✓	2.250 ✓	2.250 ✓	GB3 ✓

\$2,510,000 Term Certificates

\$ 970,000 2.250% Term Certificate due March 1, 2042 Price to Yield 2.300% GD9^(a)
\$1,540,000 2.250% Term Certificate due March 1, 2045 Price to Yield 2.350% GG2^(a)

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Certificates maturing on and after March 1, 2030, on March 1, 2029, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the redemption price of par plus accrued interest as further described herein. In addition, the Certificates maturing on March 1, 2042 and March 1, 2045 (the "Term Certificates") are also subject to mandatory sinking fund redemption, as further described herein. ~~If two or more serial Certificates of consecutive maturity are combined into one or more "term" certificates (the "Term Certificates") by the Purchaser, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order. (See "THE CERTIFICATES - Redemption Provisions" herein.)~~

- (a) CUSIP numbers are included solely for the convenience of the owners of the Certificates. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. None of the County, the Financial Advisor, or the Purchaser is responsible for the selection or the correctness of the CUSIP numbers set forth herein.
- (b) Yield calculated based on the assumption the Certificates denoted and sold at a premium will be redeemed on March 1, 2029, the first optional redemption date for the Certificates, at the price of par plus accrued interest to such date of redemption.

FANNIN COUNTY, TEXAS
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(903) 583-7811 (Fax)

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Date First Elected</u>	<u>Term Expires</u>
Randy Moore	County Judge	01/01/19	12/31/22
Gary Whitlock	Commissioner, Precinct 1	01/01/09	12/31/20
A.J. Self	Commissioner, Precinct 2	01/01/19	12/31/22
Jerry Magness	Commissioner, Precinct 3	01/01/13	12/31/20
Dean Lackey	Commissioner, Precinct 4	01/01/19	12/31/22

ADMINISTRATION

<u>Name</u>	<u>Position</u>	<u>Years With The County</u>
Alicia Whipple	County Auditor	3
Tammy Biggar	County Clerk	9
David E. Woodson	County Treasurer	5
Nancy Young	District Clerk	20
Gail Young	Tax Assessor Collector	9

CONSULTANTS AND ADVISORS

Bond Counsel	Norton Rose Fulbright US LLP San Antonio, Texas
Certified Public Accountants	Rutledge Crain & Company, PC Arlington, Texas
Financial Advisor	SAMCO Capital Markets, Inc. San Antonio, Texas

For Additional Information Please Contact:

 The Honorable Randy Moore
 County Judge
 Fannin County
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 (903) 583-7455 (Phone)
 countyjudge@fanninco.net

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INTRODUCTORY STATEMENT

This Official Statement provides certain information in connection with the issuance by Fannin County, Texas (the "County" or the "Issuer") of its \$9,860,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (the "Certificates") identified on the cover page hereof.

The Issuer is a political subdivision of the State of Texas (the "State") and operates under the statutes and the Constitution of the State. The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Section 1473.002, as amended, Texas Local Government Code, Chapter 323, as amended, and an order (the "Order") adopted by the Commissioners Court of the County on February 18, 2020. (See "THE CERTIFICATES - Authority for Issuance" herein.)

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order. Included in this Official Statement are descriptions of the Certificates and certain information about the Issuer and its finances. **ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT.** Copies of such documents may be obtained from the Issuer or the Financial Advisor noted on page iii hereof by email or upon payment of reasonable copying, handling, and delivery charges.

All financial and other information presented in this Official Statement has been provided by the County from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in financial position or other affairs of the County. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of the Official Statement pertaining to the Certificates will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the County's undertaking to provide certain information on a continuing basis.

THE CERTIFICATES

General

The Certificates ^{are} will be dated March 1, 2020 (the "Dated Date"). The Certificates are stated to mature on March 1 in the years and in the principal amounts set forth on page ii hereof. The Certificates shall bear interest from their Dated Date on the unpaid principal amounts, and the amount of interest to be paid with respect to each payment period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Certificates will be payable on March 1, 2021, and on each September 1 and March 1 (each, an "Interest Payment Date") thereafter until the earlier of stated maturity or prior redemption. Principal is payable at the designated offices of the "Paying Agent/Registrar" for the Certificates, initially BOKF, NA, Dallas, Texas. Interest on the Certificates shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (as hereinafter defined) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Initially, the Certificates will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described below. No physical delivery of the Certificates will be made to the Beneficial Owners. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts received to the appropriate DTC Participants, who shall in turn make payment to the Beneficial Owners of the Certificates. Such Book-Entry-Only System may change the method and timing of payment for the Certificates and the method of transfer. See "BOOK-ENTRY-ONLY SYSTEM" below for a more complete description of such System.

Authority for Issuance

The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Texas Local Government Code, Subchapter C, Chapter 271, as amended, Texas Government Code, Section 1473.002, as amended, Texas Local Government Code, Chapter 323, as amended, and the Order adopted by the Commissioners Court on February 18, 2020.

Security for Payment

The Certificates constitute direct obligations of the County payable from the levy of an annual ad valorem tax, within the limitations prescribed by law, upon all taxable property within the County and from a lien on and pledge of certain of the net revenues (the "Net Revenues") derived from the operation of the County's library system (the "System"), such pledge being limited to \$1,000 and being junior and subordinate to the lien on and pledge of the Net Revenues securing the payment of obligations senior thereto, if any, hereafter issued by the County.

Use of Certificate Proceeds

Proceeds from the sale of the Certificates will be for the purpose of paying contractual obligations of the County to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) acquiring, designing, purchasing, renovating, constructing, reconstructing, improving or equipping the Fannin County Courthouse; (2) the purchase of materials, supplies, equipment, machinery, landscaping, land, and rights-of-way for authorized needs and purposes relating to the aforementioned capital improvements; and (3) payment for professional services relating to the design, construction, project management, and financing of the aforementioned project.

Sources and Uses

Sources	
Par Amount of the Certificates	\$ 9,860,000.00
Accrued Interest on the Certificates	5,812.19
Net Reoffering Premium	<u>234,676.95</u>
Total Sources of Funds	<u>\$ 10,100,489.14</u>
Uses	
Project Fund Deposit	\$ 9,900,000.00
Purchaser's Discount	91,767.72
Certificate Fund Deposit (accrued interest)	5,812.19
Costs of Issuance	<u>102,909.23</u>
Total Uses	<u>\$ 10,100,489.14</u>

Redemption Provisions

Optional Redemption

The Issuer reserves the right, at its option, to redeem the Certificates maturing on and after March 1, 2030 on March 1, 2029, or any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and, if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par plus accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Certificates stated to mature on March 1 in the years ~~2039~~ and ~~2044~~ are referred to herein as the "Term Certificates". The Term Certificates are also subject to mandatory sinking fund redemption prior to maturity in part and by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption on March 1 in the years and principal amounts shown below:

Term Certificate March 1, 2042		Term Certificate March 1, 2045	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
March 1, 2041	\$ 480,000	March 1, 2043	\$ 505,000
March 1, 2042*	490,000	March 1, 2044	515,000
		March 1, 2045*	520,000

*Payable at Stated Maturity.

Approximately forty-five (45) days prior to each mandatory redemption date for any Term Certificate, the Paying Agent/Registrar shall randomly select by lot or other customary method the numbers of the Term Certificates within the applicable Stated Maturity to be redeemed on the next following March 1 from money set aside for that purpose in the Certificate Fund (as defined in the Order). Any Term Certificates not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of a Term Certificate required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Certificates of such Stated Maturity which, at least fifty (50) days prior to the mandatory redemption date (1) shall have been defeased or acquired by the Issuer and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the County, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the County, any of which reflect financial difficulties. Neither the Certificates nor the Order make any provision for debt service reserves, liquidity enhancement, or credit enhancement. In the Order, the County will ~~adopt~~ ^{adopted} policies and procedures to ensure timely compliance of its continuing disclosure obligations. In addition, the County will provide timely notice of any failure by the County to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the County in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County and (b) the County intends the words used in the immediately preceding clauses (15) and (16) to have the meanings as when they are used in the Rule, as ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

Availability of Information from MSRB

The Issuer has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The Issuer has agreed to update information and to provide notices of specified events only as described above. The Issuer has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The Issuer makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The Issuer disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Certificates may seek a writ of mandamus to compel the Issuer to comply with its agreement.

The Issuer may amend its agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, if the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Certificates consent or any person unaffiliated with the Issuer (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Certificates. The Issuer may also repeal or amend its agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the Issuer amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

Compliance with Prior Agreements

Except as otherwise described below, during the past five years, the County has complied in all material respects with its previous continuing disclosure agreements made in accordance with the Rule.

The County and the Fannin County Public Facility Corporation (the "Corporation") committed to file on an annual basis certain updated quantitative financial information and operating data of the Corporation of the general type included in the Corporation's final official statement (the "Undertaking"), dated July 21, 2014 (the "Corporation's 2014 Official Statement") pertaining to Corporation's issuance of its Senior Lien Revenue Refunding Bonds, Taxable Series 2014 (Detention Facility Project), dated August 1, 2014 (the "Corporation's 2014 Bonds") (for a further description of the Corporation and the debt service requirements of the Corporation's 2014 Bonds, see "APPENDIX A – Table 17" herein). Such information must be filed within six months of the Corporation's fiscal year end and includes the Corporation's audited financial statements (the "Corporation's Audit") and Tables 1 through 6 included in Appendix B to the Corporation's 2014 Official Statement (the "Tables").

The County committed to the Undertaking in Section 14.3 of the Amended and Restated Sublease Agreement between the County and the Corporation, dated August 1, 2014 (the "Sublease") and the County and the Corporation committed to the Undertaking in Section 14.01.(b) of the Trust Indenture between the Corporation and U.S. Bank National Association (the "Trustee"), dated August 1, 2014 (the "Indenture"). Further, the County entered into a Continuing Disclosure Undertaking agreement with U.S. Bank National Association (the "Dissemination Agent") dated August 1, 2014 (the "Disclosure Agreement"),

Financial Advisor

SAMCO Capital Markets, Inc. is employed as the Financial Advisor to the Issuer in connection with the issuance of the Certificates. In this capacity, the Financial Advisor has compiled certain data relating to the Certificates and has assisted in drafting this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the Issuer to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fees for the Financial Advisor are contingent upon the issuance, sale and delivery of the Certificates.

In the normal course of business, the Financial Advisor may also from time to time sell investment securities to the County for the investment of debt proceeds or other funds of the County upon the request of the County.

Winning Bidder

On February 18, 2020, the Certificates were awarded to an underwriter or group of underwriters managed by Robert W. Baird & Co. Incorporated (the "Purchaser") through a competitive bid process. ^{delete period} In accordance with the provisions of the Official Notice of Sale. The initial reoffering yields will be supplied to the County by the Purchaser. The initial reoffering yields shown on page ii of the Official Statement will produce compensation to the Purchaser of approximately \$91,767.72. The County can give no assurance that any trading market will be developed for the County after their sale by the County to the Purchaser. The County has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

On April 1, 2019, Baird Financial Corporation, the parent company of Robert W. Baird & Co. Incorporated ("Baird"), acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively "Hilliard Lyons"). As a result of such common control, Baird and Hilliard Lyons are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

Certification of the Official Statement

confirm language w/ purchaser

At the time of payment for and delivery of the Certificates, the Purchaser will be furnished a certificate executed by the proper officials of the County acting in their official capacity, to the effect that: (a) the descriptions and statements of or pertaining to the County contained in its Official Statement relating to the Certificates, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of the sale of said Certificates, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the County and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading; (c) to the best of their knowledge, insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the County and its activities, contained in such Official Statement are concerned, such statements and data have been obtained from sources which the County believes to be reliable and the County has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the County since September 30, 2018, the date of the last audited financial statements of the Issuer, portions of which appear in the Official Statement.

The Official Statement was approved as to form and content and the use thereof in the offering of the Certificates was authorized, ratified and approved by the Commissioners Court on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Certificates, a certified copy of such approval, duly executed by the proper officials of the Issuer.

Forward-Looking Statements Disclaimer

The statements contained in this Official Statement, and in any other information provided by the County, that are not purely historical, are forward-looking statements, including statements regarding the County's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the County on the date hereof, and the County assumes no obligation to update any such forward-looking statements. The County's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the County. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.