

ANGELINA AND NECHES RIVER AUTHORITY INDUSTRIAL
DEVELOPMENT CORPORATION
(a non-profit corporation created under the Development Corporation Act)

Amended and Restated Local Regulations for Receiving and Approving Applications For
Financial Participation in Development Projects
(06/18/13)

I. GENERAL PURPOSE AND SCOPE OF LOCAL REGULATIONS

(A) The ANGELINA AND NECHES RIVER AUTHORITY INDUSTRIAL DEVELOPMENT CORPORATION (the "Corporation") was created as a duly constituted authority of the ANGELINA AND NECHES RIVER AUTHORITY (the "Unit") pursuant to the Development Corporation Act, Chapter 501, Texas Local Government Code (the "Act"), for the public purpose of the promotion and development of new and expanded commercial, industrial and manufacturing enterprises so as to promote and encourage employment within, and to promote the public welfare of the citizens of, the Unit. The activities of the Corporation shall be limited solely to the accomplishment of such public purpose, and no plan of financing of any project ("Project"), as defined in the Act, and in the applicable portions of these regulations (the "Regulations") will be approved by the Board of Directors (the "Board") of the Corporation unless and until the Board shall first affirmatively find that such financing and its related Project will be in furtherance of such public purpose, to be determined in accordance with the procedures set forth in these Regulations.

(B) These Regulations relate solely to the requirements and procedures of the Board and the Corporation, and, notwithstanding full compliance with all of the requirements hereof, the Corporation will not issue any obligations pertaining to any Project unless the following governmental approval have been obtained, to-wit:

- (1) The Governing Body of the Unit has approved by written resolution any agreement to issue obligations approved by the Corporation in the manner and within the time specified by the Act; and
- (2) The Texas Economic Development and Tourism Office (the "Division"), or the executive director thereof, has approved the contents of any lease, sale or loan agreement made by the Corporation under the Act in connection with the issuance of obligations by affirmatively finding that the lessee, purchaser or borrower has the business experience, financial resources and responsibility to provide reasonable assurance that all obligations and interest thereon to be paid from or by reason of such agreement will be paid as the same becomes due.

II. APPLICATIONS, APPROVAL STANDARDS

(A) Preliminary Filing Requirements.

- (1) All person, firms or corporations (the "Applicant") desiring financial participation by the Corporation in a Project shall file with the Corporation copies of an Application for Financial Participation (the "Application") in the form accompanying these Regulations.
- (2) Along with the Application, the Applicant shall file with the Corporation five (5) executed original copies of an Inducement and Indemnity Agreement substantially in the form and substance accompanying these Regulations.
- (3) The Applicant shall file with the Application the processing fee required elsewhere in these Regulations.
- (4) If the Applicant desires the Board to take preliminary official action pertaining to the issuance of obligations in accordance with relevant provisions of the Internal Revenue Code of 1986 and applicable Regulations and Revenue Rulings issued in connection therewith, then the Applicant shall also file a statement requesting such action, along with a description of the facts relating to such request.
- (5) The documents and fee required by this paragraph shall be filed with the Corporation by mailing or delivering the same to the EXECUTIVE DIRECTOR, ANGELINA AND NECHES RIVER AUTHORITY, P.O. BOX 387, LUFKIN, TEXAS 75901.

(B) Preliminary Official Action.

- (1) Upon compliance with the preliminary filing requirements of paragraph II(A) of these Regulations, if preliminary official action is requested pursuant to subparagraph II (A) (4), the Corporation will conduct an expedited preliminary review of such request, and such action will be scheduled for the next regular or for a special meeting of the Board.
- (2) The Board will take the request preliminary official action, expressing its present intention to issue the obligations requested if such preliminary review of the Application demonstrates with reasonable certainty:
 - (a) that the Application, the obligations and the Project qualify for final approval by the Board in accordance with these Regulations; and
 - (b) that all governmental approvals with respect to the obligations and the Project, including those requirements specified in paragraph I (B) of these Regulations will be obtained.

(C) Subsequent Filing Requirements.

- (1) Prior to review of the Application for final approval by the Board, the Applicant may file such additional documents or statement in support thereof as the Applicant shall consider relevant and appropriate and shall file the following:
 - (a) such additional information as shall be requested of the Applicant by the Board;
 - (b) such additional information as may be necessary to demonstrate the Applicants ability to comply with the preliminary approval requirements of the Division;
 - (c) a pro-forma copy of any official statement, prospectus or other offering memoranda, through the use of which the proposed obligations are to be offered, sold or placed with any lender, purchaser or investor, which offering, sales or placement material shall contain prominent disclosure substantially to the effect (I) that neither the Corporation nor the Unit has undertaken to review or has assumed any responsibility for the matter contained therein except solely as to matters relating to the Corporation and to a description of the obligations being offered thereby; (ii) that all findings and determinations by the Corporation, the Unit and the Division, respectively, are and have been made by each for its own internal uses and purposes in performing its duties under the Act, under Division regulations and under these Regulations; (iii) that notwithstanding their respective approvals of the obligations and the Project, neither the Unit nor the Division endorses or in any manner, directly or indirectly, guarantees or promises to pay such obligations from any source of funds of either or guarantees, warrants or endorses the creditworthiness or credit standing of the Applicant or of any guarantor of such obligations, or in any manner guarantees, warrants or endorses the investment quality or value of such obligations; (iv) that such obligations are payable solely from the funds and secured solely by property furnished and to be furnished and provided by the Applicant and guarantor and are not in any manner payable wholly or partially from any funds or properties otherwise belonging to the Corporation; and (v) that by its issuance thereof, the Corporation does not in any manner, directly or indirectly, guarantee, warrant or endorse the creditworthiness or credit standing of the Applicant or of any guarantor of such obligations or the investment quality or value of the same.
 - (d) proposed final legal instruments and documents authorizing and relating to the issuance of the obligations proposed and all leases, loan agreements, purchase agreements or other documents related thereto;

- (e) a financial report and analysis addressed to the Board by a registered, qualified and favorably recognized securities firm, dealer, broker or investment banker of advisor experienced in similar financing, or by a state or federal bank or banking association pertaining to the credit standing and creditworthiness of the Applicant and any guarantor of the obligations.

(D) Final Approval, Standards and Requirements.

(1) The Board will take up and consider its final action pertaining to an Application filed hereunder when requested to do so by the Applicant and upon receipt by it of the following:

- (a) evidence satisfactory to the Board that the Applicant has complied with these Regulations in all material respects not otherwise waived by the Board;
- (b) an opinion of the bond counsel for the Corporation ("Bond Counsel") addressed to the Corporation and the Unit, to the effect that the Application conforms in all material respects to these Regulations; that all filings required to be made hereunder have been made, that the documents or materials described in clause II (C) (1) (c) hereof contain a correct description of the Corporation and of the obligations they purport to describe and contain the disclosures required by said clause; that the legal agreements proposed in connection with the obligations being issued are in proper form and order, and will represent the binding and lawful obligations of the parties thereto; that such obligations conform in form and substance to the requirements, if any, of the resolution of the Unit authorizing the Corporation, and that neither the taxing power nor the faith, credit or other revenues of the Unit or the State of Texas are obligated or in any manner pledged to the payment of any such obligations;
- (c) evidence satisfactory to the Board that the Project which is the subject of the obligations has been approved or is reasonably expected to be approved by all applicable local, state or federal regulatory authorities or agencies, including compliance with all applicable local zoning, building and other codes.

(2) Applications will be finally approved by the Board if it first affirmatively determines:

- (a) that all requirements for and prerequisites to final approval under these Regulations have been met and are in form and substance satisfactory to the Board;
- (b) that the operation of the Project will constitute a lawful activity, is qualified for approval by the Unit and the Division and complies with and promotes the purposes and satisfies the requirements of the Act and the statement of policy contained in paragraph I (A) of these Regulations;

- (3) After final approval by the Board, the Corporation will seek approval by the Unit and the Division and will proceed to close the delivery of such obligations upon receipt of such approvals in accordance with the documents approved by the Board and when finally approved by Bond Counsel in accordance with the terms of sale or placement.

III. FEES, OTHER COSTS.

(A) Processing, Closing Fees and Costs.

- (1) Concurrently with the filing of an Application, the Applicant shall pay to the Corporation a processing fee in the amount of \$2,000.00, which amount is not refundable, whether or not the Application is approved or the financing of the Project is accomplished, provided, however, if the financing of the Project is accomplished, the amount of such processing fee will be credited to the fee provided for in the following paragraph III (A) (2).
- (2) Concurrently with the closing of any financing pursuant to an approved Application, or at such other time as the Corporation may approve, the Applicant, from the proceed of the obligations, shall pay to the Corporation a closing fee computed in accordance with the following schedule, to-wit:
 - (a) 2.00% of the first one million dollars;
 - (b) .50% of next 4 million dollars;
 - (c) .25% of the next 5 million dollars; and
 - (d) .125% of all amounts in excess of ten million dollars.
- (3) Concurrently with the closing of any financing pursuant to an approved Application, the Applicant, from the proceeds of the obligations, shall pay the following professions fees and other costs, to-wit:
 - (a) the fees of Bond Counsel and the Corporation's general counsel ("General Counsel");
 - (b) the amount of any fee for the services of the securities firm, dealer, broker or investment banker or advisor, or the state or federal bank or banking association contemplated by clause II (C) (1) (e) of these Regulations; and
 - (c) the actual amount of any closing or acceptance fees of any trustee for the obligations, any fees and premiums for casualty and title insurance, any security filing costs, any fees for placing the obligations, any out-of-pocket expenses incurred by Bond Counsel and General Counsel and any other costs and expenses relating to the obligations, their security, the Project or the closing thereof, including any fees and expenses of any attorneys, consultants

and other advisors employed by the Applicant payable at that time from that source.

(B) Continuing Costs.

- (1) Each Applicant shall pay to the Corporation, within ten (10) days after receipt of a bill or statement thereof, the following amounts, to-wit:
 - (a) any amounts payable pursuant to the Inducement and Indemnity Agreement and any other indemnity contract or agreement executed in connection with any financing hereunder; and
 - (b) an amount, payable annually on or before each anniversary date of the dated date of the bonds, equal to .01% of the principal amount of the bonds outstanding to assist in defraying the costs and expenses incurred by the Corporation for an annual accounting and/or audit of the financial records and affairs of the Corporation and other administrative costs and expenses paid or incurred by the Corporation.

(C) Change in Fees.

The Corporation reserves the right at any time to change, increase or reduce the fees payable under paragraph III (A), and to make the same effective as to any Applicant whose Application is filed subsequent to the date of such change. The Corporation reserves the right at any time to change the method of allocation described in clause III (B) (1) (b), if it should, in its sole discretion, determine such change to be reasonable and more equitable, such change to be effective upon the date specified by the Corporation.

IV. MISCELLANEOUS

(A) Unauthorized Representatives and Bond Marketing Practices.

- (1) No Applicant, or any representative of Applicant or the Corporation shall represent, directly or indirectly, to any lender, interim or otherwise, supplier, contractor or other person, firm or entity that the Corporation has agreed or is firmly committed to issue any obligations in relation to any Project or Application until the Board has finally approved the same under these Regulations, and then subject to the governmental approvals of the Unit and Division required by these Regulations and the Act.
- (2) No Applicant, or any representative of the Applicant or the Corporation, shall ever make any representation, directly or indirectly, express or implied, of any fact or facts contrary to the disclosures required to be made by clause II (C) (1) (C) of these Regulations.
- (3) Neither the Applicant nor any securities firm, underwriter, broker, dealer, salesman or other person, firm or entity shall offer, sell distribute or place any obligations

authorized by the Corporation by any process, method or technique or in any manner, transaction or circumstances or to any person or persons, the effect of which would be to require such obligations to be registered or would require filings to be made with regard thereto under the laws of the State or jurisdiction where such offer, sale, distribution or placement is made without first registering the same or making the filings regarding the same required by such laws.

(B) Counsel.

- (1) The firm of McCall, Parkhurst & Horton L.L.P., 717 N. Harwood, 9th Floor, Dallas, Texas 75201, is Bond Counsel for the Corporation.
- (2) _____, is General Counsel for the Corporation.

(C) Amendments, Waivers, Effective Date.

- (1) The Corporation reserves the right at any time to amend these Regulations effective as to any Applications filed subsequent to the effective date of any such amendment.
- (2) The Board reserves the right to waive any portion of these Regulations as to any Applicant, Application or Project upon written request seeking such waiver and stating the reasons therefor.
- (3) These Regulations are and shall be effective from and after their adoption by the Board and approval by the Governing Body of the Unit, and shall continue in effect until and unless amended, modified or repealed.