

**\$2,100,000**  
**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**  
**UNLIMITED TAX BONDS,**  
**SERIES 2020**  
**TABLE OF CONTENTS**

<b><u>TCEQ APPROVAL PROCEEDINGS</u></b>	<b><u>TAB</u></b>
Resolution Authorizing Application to the TCEQ for Approval of Project and Bonds .....	1
Certified Copy of an Order Approving an Engineering Project and the Issuance of \$2,100,000 Unlimited Tax Bonds.....	2
<b><u>BASIC FINANCING DOCUMENTS</u></b>	
Order Authorizing the Issuance of \$2,100,000 Brushy Creek Municipal Utility District Unlimited Tax Bonds, Series 2020; Levying an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement; Authorizing the Execution of a Paying Agent/Registrar Agreement; Awarding the Sale of the Bonds; and Authorizing Other Matters Related to the Issuance of the Bonds.....	3
Paying Agent/Registrar Agreement between the District and Wells Fargo Bank, N.A. ....	4
<b><u>PUBLICATION AND OFFERING DOCUMENTS</u></b>	
Resolution Approving Preliminary Official Statement; Authorizing Distribution of Preliminary Official Statement and Publication of a Notice of Sale of Bonds; and Approving Other Related Matters.....	5
Affidavits of Publication of Notice of Sale of Bonds.....	6
Preliminary Official Statement .....	7
Official Statement .....	8
<b><u>DISTRICT CERTIFICATES</u></b>	
General and No-Litigation Certificate .....	9
Federal Tax Certificate .....	10
<b><u>LEGAL OPINIONS AND CLOSING DOCUMENTS</u></b>	
Bond Counsel Opinion with BAM Reliance Letter.....	11
Disclosure Counsel Opinion of The Muller Law Group. ....	12
Approving Opinion of the Attorney General of Texas with Comptroller's Registration Certificate.....	13
Closing Memorandum .....	14
Receipt for Proceeds .....	15

**MISCELLANEOUS**

Form 8038-G Filing .....	16
Specimen Bond .....	17
Letters of Representation .....	18
Auditor	
Engineer	
Municipal Bond Insurance Documents.....	19

**CERTIFICATE FOR RESOLUTION**

**THE STATE OF TEXAS**  
**COUNTY OF WILLIAMSON**  
**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

We, the undersigned officers of the Board of Directors of the Brushy Creek Municipal Utility District, (the "Board") hereby certify as follows:

1. The Board of Directors of the District convened in a REGULAR MEETING ON THE 9th DAY OF JANUARY, 2020 at the designated meeting place (the "Meeting"), and the roll was called of the duly constituted officers and members of the Board, to wit:

- Shean R. Dalton, Place 5, President
- Donna B. Parker, Place 4, Vice President
- Kim Filiatrault, Place 3, Secretary
- Rebecca B. Tullos, Place 1, Treasurer,
- Michael Tucker, Place 2, Assistant Secretary/Treasurer

and all of said persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written


**RESOLUTION AUTHORIZING APPLICATION TO THE TEXAS  
COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF  
PROJECT AND BONDS**

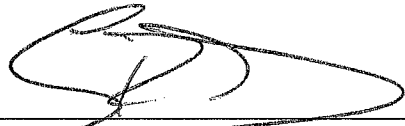
was duly introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be passed; and, after due discussion, the motion, carrying with it the passage of the Resolution, prevailed and carried by the following vote:

AYES: 5  
NOES: —

2. A true, full and correct copy of the aforesaid Resolution passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Resolution has been duly recorded in the Board's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of the Meeting pertaining to the passage of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that the Resolution would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; that the Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Government Code, as amended and Section 49.063, Texas Water Code, as amended.

SIGNED AND SEALED this 9 day of January, 2020.

  
Secretary, Board of Directors

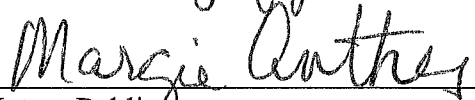
  
President, Board of Directors



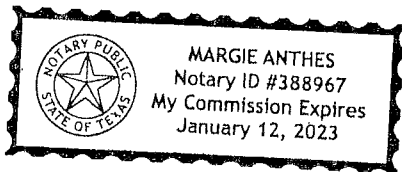
**NOTARY ACKNOWLEDGMENT**

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

Given under my hand and seal of office this 9th day of Jan. 2020

  
Notary Public

(Notary Seal)



**RESOLUTION NO. 20-0109- 01**  
**AUTHORIZING APPLICATION TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR APPROVAL OF PROJECT AND BONDS**

**THE STATE OF TEXAS**  
**COUNTY OF WILLIAMSON**

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**WHEREAS**, Brushy Creek Municipal Utility District (the "District") is a political subdivision of the State of Texas, created and operating under Chapters 49 and 54, Texas Water Code; and

**WHEREAS**, the Board of Directors of the District (the "Board") desires to issue \$2,100,000 in District bonds (the "Bonds") to finance certain water facilities; and

**WHEREAS**, Section 49.181 of the Texas Water Code requires the District to submit an application to the Texas Commission on Environmental Quality (the "Commission") requesting investigation of any proposed project to be financed with Bonds, together with a copy of an engineer's report on the project and all data, profiles, maps, plans, and specifications prepared in connection with that report (the "Engineer's Report"); and

**WHEREAS**, the Board wishes to obtain the Commission's approval for the issuance of the Bonds to pay for certain eligible costs and expenses that are more completely described in the Engineer's Report prepared by Jones-Heroy & Associates, Inc. and submitted in connection with this Resolution on an expedited review basis, as provided in 30 Texas Administrative Code §293.42(c).

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BRUSHY CREEK MUNICIPAL UTILITY DISTRICT THAT:**

**Section 1.** The matters and facts set out in the recitals of this Resolution are hereby found and declared to be true and complete.

**Section 2.** The President and Secretary of the Board of Directors are authorized and directed as follows:

- (1) To apply to the Commission for an investigation and report on the feasibility of the project described in the Engineer's Report prepared by Jones-Heroy & Associates, Inc. and submitted with this application on an expedited basis, as provided in 30 Texas Administrative Code §293.42(c).

- (2) To request the Commission to approve the bonds of the District in the principal amount of a maximum of \$2,100,000 bearing at a net effective interest rate not to exceed the maximum allowed by law and maturing serially in accordance with the schedule provided in the aforesaid Engineer's Report.

**Section 3.** By this application, the District assures the Commission that it will abide by the terms and conditions prescribed by the Commission, and it will retain all amounts required by law due all construction contractors on the project to assure that the project is completed in accordance with the approved plans and specifications.

**Section 4.** A full and complete copy of the Engineer's Report required by the Commission is enclosed in support of this application, together with a copy of the data, profiles, maps, plans, and specifications prepared in connection with the report.

**Section 5.** Jones-Heroy & Associates, Inc. is authorized and directed to prepare an engineering report in the form required by the Texas Commission on Environmental Quality and to submit same to the Commission in support of this application, together with a copy of the data, profiles, maps, plans, and specifications prepared in connection with such report.

**Section 6.** The President and Secretary of the Board of Directors, the District's General Manager, engineers, attorneys, bond counsel, and financial advisor are authorized and directed to do any and all things necessary and proper in connection with this application.

**Section 7.** A certified copy of this Resolution shall constitute an application and request on behalf of the District to the Commission pursuant to Section 49.181 of the Texas Water Code, for approval of the and Bonds described above. This Resolution supersedes all prior resolutions related to this proposed bond issue, if any.

*(Remainder of page left blank intentionally)*

SIGNED AND SEALED this 9<sup>th</sup> day of January 2020.

  
Secretary, Board of Directors

  
President, Board of Directors



# TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



THE STATE OF TEXAS  
COUNTY OF TRAVIS  
I HEREBY CERTIFY THAT THIS IS A TRUE AND CORRECT COPY  
OF A TEXAS COMMISSION ON ENVIRONMENTAL QUALITY  
DOCUMENT, WHICH IS FILED IN THE PERMANENT RECORDS

MAY 05 2020

OF THE COMMISSION, GIVEN UNDER MY HAND AND THE  
SEAL OF OFFICE ON

*Bridget C. Bohan*  
BRIDGET C. BOHAN, CHIEF CLERK  
TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

## AN ORDER APPROVING AN ENGINEERING PROJECT AND THE ISSUANCE OF \$2,100,000 IN UNLIMITED TAX BONDS FOR BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

An application by Brushy Creek Municipal Utility District (the "District") was presented to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) for consideration of approval pursuant to TEX. WATER CODE §§ 5.122 and 49.181. The District requests approval of an engineering project and issuance of \$2,100,000 in bonds to finance: replacement of membrane modules; water treatment plant compressor replacements; and zebra mussel control and treatment improvements to raw water intake line from Lake Georgetown to the water treatment plant. The TCEQ has jurisdiction to consider this matter, and the following Findings of Fact and Conclusions of Law are appropriate after examining the application and supporting documentation.

### FINDINGS OF FACT

1. The District filed an application with the TCEQ on February 5, 2020 for approval of a proposed engineering project and the issuance of \$2,100,000 in bonds.
2. The Executive Director of the TCEQ has investigated the District.
3. The application and accompanying documents have been examined. The project site was visited by a member of the TCEQ's Districts Section on February 12, 2020. A written memorandum was prepared on the project dated April 15, 2020, a copy of which is attached and made a part hereof.
4. The District's project and the issuance of \$2,100,000 in bonds at a maximum net effective interest rate of 6.75% to finance the project should be approved.
5. The District should be directed not to expend a total of \$1,743,450 pending District board receipt of plans and specifications approved by all entities with jurisdiction as follows:
  - a. \$272,591 (\$240,000 construction plus \$32,591 contingencies) for replacement of membrane modules;
  - b. \$79,506 (\$70,000 construction plus \$9,506 contingencies) for water treatment plant compressor replacements; and
  - c. \$1,391,353 (\$1,225,000 construction plus \$166,353 contingencies) for zebra mussel control and treatment improvements to raw water intake line.



6. The District should be advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report.

7. The District should be directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds.

#### CONCLUSIONS OF LAW

1. The TCEQ has jurisdiction to consider the engineering report and bond application pursuant to TEX. WATER CODE § 49.181.

2. The Executive Director of the TCEQ has investigated the District, and the TCEQ has found it legally organized and feasible.

3. The TCEQ's memorandum dated April 15, 2020, on this engineering project and bond issue should be adopted as the written TCEQ project report in compliance with TEX. WATER CODE § 49.181(d).

NOW, THEREFORE, BE IT ORDERED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY that the memorandum dated April 15, 2020 on this engineering project and bond issue are adopted as the written TCEQ project report. Pursuant to TEX. WATER CODE § 49.181, the engineering project for Brushy Creek Municipal Utility District is hereby approved together with the issuance of \$2,100,000 in bonds at a maximum net effective interest rate of 6.75%. The District is directed not to expend a total of \$1,743,450 pending District board receipt of plans and specifications approved by all entities with jurisdiction as follows: a) \$272,591 (\$240,000 construction plus \$32,591 contingencies) for replacement of membrane modules; b) \$79,506 (\$70,000 construction plus \$9,506 contingencies) for water treatment plant compressor replacements; and c) \$1,391,353 (\$1,225,000 construction plus \$166,353 contingencies) for zebra mussel control and treatment improvements to raw water intake line. The District is advised that the legal, fiscal agent, and engineering fees have not been evaluated to determine whether these fees are reasonable or competitive. These fees are included as presented in the engineering report. The District is directed that any surplus bond proceeds resulting from the sale of bonds at a lower interest rate than that proposed shall be shown as a contingency line item in the Official Statement and the use of such funds shall be subject to approval pursuant to TCEQ rules on surplus funds. The approval of the sale of these bonds herein shall be valid for one year from the date of this Order unless extended by written authorization of the TCEQ.

BE IT FURTHER ORDERED that pursuant to TEX. WATER CODE § 5.701, the District shall pay to the TCEQ 0.25% of the principal amount of bonds actually issued not later than the seventh (7<sup>th</sup>) business day after receipt of the bond proceeds. The fees shall be paid by check payable to the Texas Commission on Environmental Quality.

BE IT FURTHER ORDERED that to enable the TCEQ to carry out the responsibilities imposed by TEX. WATER CODE §§ 49.181-182, the District shall: (1) furnish the TCEQ copies of all bond issue project construction documentation outlined under 30 TEX. ADMIN. CODE § 293.62, including detailed progress reports and as-built plans required by TEX. WATER CODE § 49.277(b), which have not already been submitted; (2) notify the TCEQ and obtain approval of the TCEQ for any substantial alterations in the engineering project approved herein before making such alterations; and (3) ensure, as required by TEX. WATER CODE § 49.277(b), that all construction

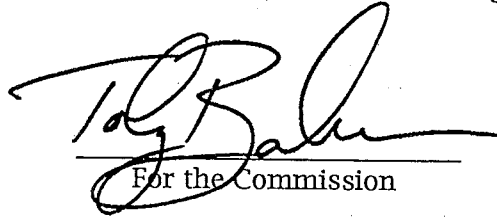
financed with the proceeds from the sale of bonds is completed by the construction contractor according to the plans and specifications contracted.

BE IT FURTHER ORDERED that failure of said District to comply with all applicable laws and with provisions of this Order shall subject the District and its directors to all penalties that are provided by law and shall further be considered by the TCEQ as grounds for refusal to approve other bonds of the District.

The Chief Clerk of the TCEQ is directed to forward the District a copy of this Order.

If any provision, sentence, clause, or phrase of this Order is for any reason held to be invalid, the invalidity of any portion shall not affect the validity of the remaining portions of the Order.

Issue Date: April 28, 2020



For the Commission

# Texas Commission on Environmental Quality

## TECHNICAL MEMORANDUM

To: Chris S. Ulmann, P.E., Manager  
Districts Section

Date: April 15, 2020

From: Pirainder Lall  
Districts Bond Team

Subject: Brushy Creek Municipal Utility District of Williamson County; Application for Approval of \$2,100,000 Unlimited Tax Bonds; Fifteenth Issue; 6.75% Net Effective Interest Rate; Series 2020; Pursuant to Texas Water Code Section 49.181. TCEQ Internal Control No. D-02052020-002 (TC) CN: 600646574 RN: 101438109

CSU 4/24/20

### A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received an application from Brushy Creek Municipal Utility District of Williamson County (District) requesting approval for the issuance of \$2,100,000 in unlimited tax bonds to finance the District's share of the following projects:

1. Replacement of membrane modules;
2. Water treatment plant compressor replacements; and
3. Zebra mussel control and treatment improvements to raw water intake line from Lake Georgetown to the water treatment plant.

The District's previous bond issues funded utilities to serve 6,919 equivalent single-family connections (ESFCs) on 1,957 acres. At ultimate development, the District is projected to serve 7,129 ESFCs on 1,957 developable (2,273.06 total) acres.

### B. ECONOMIC ANALYSIS

#### Tax Rate Analysis

The economic feasibility of this bond issue is based on no-growth to an estimated taxable assessed valuation (AV) of \$2,167,696,972 as of January 1, 2019. A market study has not been provided and is not required since the feasibility of this bond issue is based on no-growth.

According to a Williamson Central Appraisal District certificate, the District's January 1, 2019 estimated taxable AV is \$2,167,696,972. The annual debt service requirement for the proposed bond amount of \$2,100,000 and existing debt averages \$3,061,461 for the 10-year life of the District's bond debt. The District levied a maintenance tax of 0.32 in 2018 and according to the engineering report, is projecting to levy a maintenance tax of \$0.32 in the future.

The District's financial advisor submitted a cash flow schedule considering the requested \$2,100,000 bond issue, no-growth to a January 1, 2019 estimated taxable AV of \$2,167,696,972, no capitalized interest, a 3.75% bond interest rate, a 3.0% bond discount rate, a collection rate of 99%, and a projected tax rate of \$0.14 per \$100 AV.

A TCEQ Districts Section financial analyst has reviewed the financial information submitted and concluded that the following level debt service tax rates would be sufficient.

	<u>Projected Tax Rate</u>
District	
Debt Service	\$0.14 <sup>(1)(2)</sup>
Maintenance	<u>\$0.32</u>
Total	\$0.46
Overlapping District	
Sendero Springs/Cornerstone	
Defined Area	
Debt Service	\$0.17 <sup>(3)</sup>
Maintenance	<u>\$0</u> <sup>(4)</sup>
Total	\$0.17 <sup>(5)</sup>
<b>Total District Taxes</b>	<b>\$0.63 <sup>(5)</sup></b>

- Notes: (1) Based on a bond issue of \$2,100,000, existing debt, a net effective interest rate of 6.75%, a 99% tax collection rate, no-growth to the January 1, 2019 estimated taxable AV of \$2,167,696,972, and at least a 25% ending debt service fund balance.
- (2) The term "commission-approved tax rate" in 30 Texas Administrative Code (30 TAC) Section 293.85 refers to an initial ad valorem debt service tax of at most \$0.14 per \$100 AV.
- (3) The Defined Area within the District levies taxes for water, wastewater and drainage. Represents the tax rate stated in the engineering report.
- (4) The Defined Area does not levy a maintenance tax.
- (5) Represents the combined projected tax rate as defined by 30 TAC Section 293.59(f).

Additional Financial Comments

The District is exempt from the 75% and 25% build-out requirements of 30 TAC Sections 293.59(l)(4) and 293.59(k)(7), respectively, based on its combined no-growth tax rate of \$0.63 per \$100 AV not exceeding \$1.20, pursuant to 30 TAC Sections 293.59(l) and 293.59(k)(11)(C).

**C. ENGINEERING ANALYSIS**

Water Supply

Water supply for entire District is provided by a combination of groundwater from primarily three of six wells within the District, those three of which are capable of producing 1.7 million gallons per day (MGD) of water, and surface water pursuant to the "System Water Supply Agreement between Brazos River Authority and Brushy Creek Municipal Utility District" dated February 26, 1997. This agreement allows the purchase of 4,000 acre-feet of water per year from the Stillhouse Hollow Reservoir. The District participates with others in the Williamson County Regional Raw Water Supply project to transfer raw water from Stillhouse Hollow Reservoir to Lake Georgetown. Pursuant to the "Participation Agreement With Respect To Williamson County Raw Water Line" dated October 1, 1998, as amended, the District owns capacity and is responsible for 9.551% of the regional raw water project.

The District has an intake structure and pumping facilities at Lake Georgetown, a raw water line to the District, raw water holding ponds, a drinking water treatment plant, clear well and water storage facilities, pump station, and the treated water lines and related system improvements necessary to furnish a drinking water supply to the District's customers. The intake has been constructed to provide 10 MGD of water. The raw water line has a capacity of 10 MGD. The pump station is designed to meet the maximum daily and hourly needs of the District at full build-out. The maximum daily needs at full build-out are projected to be 8 MGD.

Water is treated in an 8.0 MGD membrane filtration system and is disinfected using chlorine and chloramines. This facility can be easily expanded to 8.33 MGD using existing racks. This bond issue includes funds for replacement of old microfiltration membrane modules and associated compressor

replacements at the water treatment plant to increase the efficiencies in the production of finished water. Funds will also be used to retrofit the raw water intake line from Lake Georgetown to the water treatment plant with zebra mussel control and treatment methods. Lake Georgetown is classified as fully infested with zebra mussels resulting in an impact to the District facilities.

The Sendero Springs portion of the Defined Area is connected to the District's water distribution system and receives water from the District's 300,000 gallon elevated storage tank. The Cornerstone portion of the Defined Area is connected to the District's water distribution system and receives water through a transmission main and the District's 750,000 gallon elevated storage tank.

The following table summarizes the entire District's existing water supply facilities, along with the ESFC capacity of each component based on minimum criteria per 30 TAC Section 290.45:

<u>Facility</u>	<u>Minimum Requirements</u>	<u>Existing Capacity</u>	<u>Total Capacity (ESFC Capacity)</u>
Wells <sup>(1)</sup>	0.6 gpm/ESFC	1,700,000 gpd	1,700,000 gpd (1,967 ESFCs)
Surface Water Supply <sup>(2)</sup>	360 gpd/ESFC	4,000 Acre-feet	4,000 acre-ft (9,876 ESFCs)
Intake Pump Station <sup>(3)</sup>	0.6 gpm/ESFC	4,861 gpm	4,861 gpm (8,102 ESFCs)
Treatment Facility <sup>(4)</sup>	0.6 gpm/ESFC	5,556 gpm	5,556 gpm (9,259 ESFCs)
Total Storage <sup>(5)</sup>	200 gal/ESFC	3,927,000 gal	3,927,000 gal (19,635 ESFCs)
Elevated Storage	100 gal/ESFC	1,050,000 gal	1,050,000 gal (10,500 ESFCs)
Booster Pumps <sup>(6)</sup>	2 gpm/ESFC	9,600 gpd	9,600 gpd (4,800 ESFCs)

- Notes: (1) Three of the District's wells are currently in use.  
 (2) Shown amount is the maximum daily pumpage allowed. Total authorized of 4,000 acre-feet per year times 43,560 ft<sup>2</sup> per acre times 7.448 gallons per ft<sup>3</sup> divided by 365 days per year divided by the 360 gpd criteria in Bond Application Report Format.  
 (3) Firm capacity; smallest 2 MGD pump will be replaced with 5 MGD pump when needed.  
 (4) Represents present capacity; can be expanded 33% by addition of membranes to existing racks.  
 (5) Total storage of 3,927,000 gallons (2,877,000 gallons ground plus 1,050,000 gallons elevated) provides for 19,635 ESFCs at 200 gallons per ESFC.  
 (6) Firm capacity with one pump out of service. Meets modeled flow requirements for peak hourly demand through build-out.

The District has four emergency interconnects, three with the City of Round Rock and one with Fern Bluff Municipal Utility District. All interconnects are normally closed.

The District's existing water supply facilities are currently capable of serving approximately 9,259 ESFCs. Therefore, the District's existing water supply facilities appear adequate to serve the 6,919 ESFCs upon which the feasibility of this bond issue is based.

Wastewater Treatment

The Brushy Creek Regional Wastewater Treatment Plant provides wastewater treatment for the entire District. The plant, constructed by the Lower Colorado River Authority (LCRA) for the purpose of providing wholesale wastewater collection and treatment for the customers within its service area, was purchased by the Cities of Round Rock, Cedar Park, and Austin on September 10, 2009. Texas Pollutant Discharge Elimination System permit no. WQ0010264002 authorizes the plant to discharge a final flow of 40 MGD (an amendment to increase the permitted capacity from 21.5 MGD to 40 MGD is on file at TCEQ and a preliminary decision has been issued). Pursuant to the "Wastewater Service Agreement" dated December 8, 2009, the District has a contractual flow commitment in the plant of 1.85 MGD and a reserved capacity in its lines to provide wastewater service for 7,129 ESFCs.

Therefore, the District's existing wastewater treatment capacity of 7,129 ESFCs appears adequate to serve the 6,488 ESFCs (6,919 water ESFCs less 229 irrigation meter ESFCs less 202 ESFCs for out-of-district water customers with homes on septic systems) within the District upon which the feasibility of this bond issue is based.

Storm Water Drainage

Storm water within the Sendero Springs and Brushy Creek North is collected by open roadside ditches, culverts and open channels, or underground systems, and/or detention ponds which naturally discharge into Onion Creek or Honey Bear Creek and then Brushy Creek.

Storm water within the northern part of the southern portion of the District flows through a system of underground piping and ditches which outfalls into Brushy Creek. The drainage from the smaller part of the southern District is collected by underground piping, open roadside ditches, and natural drainage ways to Lake Creek.

Purchase of Existing Facilities/Assumption of Existing Contracts

None.

Facilities to be Constructed

<u>Project</u>	<u>Status</u>	<u>Estimated Cost</u>	<u>Amt. Subj. to District Contribution</u>
Replacement of Membrane Modules	Design	\$240,000	\$240,000
Water Treatment Plant Compressor Replacements	Design	\$70,000	\$70,000
Zebra Mussel Control and Treatment Improvements to Raw Water Intake Line	Design	\$1,225,000	\$1,225,000

Approved plans and specifications and various construction contract documents have not been provided.

Inspection

The District was inspected by the TCEQ's Districts Section staff on February 12, 2020. The District appeared as represented in the engineering report. District name signs were properly posted.

**D. SUMMARY OF COSTS**

<u>Construction Costs</u>	<u>District's Share<sup>(1)</sup></u>
A. Developer Contribution Items	
None	\$ _____ 0
<b>Total Developer Contribution Items</b>	<b>\$ _____ 0</b>
 B. District Items	
1. Replacement of Membrane Modules	\$ 240,000
2. Water Treatment Plant Compressor Replacement	70,000
3. Zebra Mussel Control and Treatment Impr. – Raw Water Line	1,225,000
4. Engineering and Testing (12% of Items 1-3)	184,200
5. Contingencies (13.6% of Items 1-3)	208,450
<b>Total District Contribution Items</b>	<b>\$ <u>1,927,650</u></b>
<b>TOTAL CONSTRUCTION COSTS (91.8% of Bond Issue Requirement)</b>	<b>\$ 1,927,650</b>
 <u>Non-Construction Costs</u>	
A. Bond Counsel Fees (0.5%)	\$ 10,500 <sup>(2)</sup>
B. Fiscal Advisor Fees (1.5%)	31,500 <sup>(3)</sup>
C. Interest - none	0
D. Underwriter's Discount (3.0%)	63,000
E. Bond Issuance Expense	30,000
F. Bond Engineering Report	30,000
G. Attorney General's Fee (0.10% or \$9,500 max.)	2,100
H. TCEQ Fee (0.25% of BIR)	5,250
<b>TOTAL NON-CONSTRUCTION COSTS</b>	<b>\$ <u>172,350</u></b>
 <b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$ 2,100,000</b>

- Notes: (1) The projects included for funding in this application are not developer projects.  
(2) Pursuant to the contract provided, bond counsel fees are 0.5% of bonds issued.  
(3) Pursuant to the contract provided, the fiscal advisor fees are 1.5% of the first \$3,000,000.

**E. SPECIAL CONSIDERATIONS**Delayed Funding

The cost summary includes funds for District projects and/or facilities which are incomplete or proposed and for which approved plans and specifications are not available. Therefore, the District should be directed not to expend these funds until the District's board has received plans and specifications approved by all entities with jurisdiction.

**F. CONCLUSIONS**

1. Based on \$74,100,000 in unlimited tax bonds authorized by voters on January 21, 1978, April 2, 1983, and November 6, 2001 for water, wastewater, and drainage facilities, and \$72,000,000 in bonds previously approved by the TCEQ and issued by the District for water, wastewater, and

drainage facilities, the District has sufficient voter-authorized bonds (\$2,100,000) for the proposed utility bond issue.

2. Based on \$58,650,000 in unlimited tax bonds authorized by voters on November 6, 2001 for refunding bonds, and no bonds previously approved by the TCEQ for refunding bonds, the District has sufficient voter-authorized bonds (\$58,650,000) for refunding bonds.
3. Based on the review of the engineering report and supporting documents, the bond issue is considered feasible and meets the economic feasibility criteria established by 30 TAC Section 293.59.
4. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

#### **G. RECOMMENDATIONS**

1. Approve the bond issue in the amount of \$2,100,000, in accordance with the recommended summary of costs, at a maximum net effective interest rate of 6.75%.
2. The District should be directed not to expend a total of \$1,743,450 pending District board receipt of plans and specifications approved by all entities with jurisdiction as follows:
  - a. \$272,591 (\$240,000 construction plus \$32,591 contingencies) for replacement of membrane modules;
  - b. \$79,506 (\$70,000 construction plus \$9,506 contingencies) for water treatment plant compressor replacements; and
  - c. \$1,391,353 (\$1,225,000 construction plus \$166,353 contingencies) for zebra mussel control and treatment improvements to raw water intake line.
3. Standard recommendations regarding consultant fees, surplus proceeds, time of approval, and bond proceeds fee apply.



**CERTIFICATE FOR ORDER**

**THE STATE OF TEXAS** §  
**COUNTY OF WILLIAMSON** §  
**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT** §

We, the undersigned officers of the Board of Directors of Brushy Creek Municipal Utility District (the "District") hereby certify as follows:

1. The District convened in a REGULAR MEETING ON THE 11TH DAY OF JUNE, 2020, at the designated meeting place, and roll was called of the duly constituted officers and members of the District, to wit:

Donna B. Parker, President  
Kim Filiatrault, Secretary  
Rebecca B. Tullos, Treasurer,  
Michael Tucker, Vice-President, Assistant Secretary/Treasurer  
Shean Dalton, Director

and all of said persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

**ORDER AUTHORIZING THE ISSUANCE OF BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING  
BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS;  
APPROVING AN OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION  
OF A BOND PURCHASE AGREEMENT, A PAYING AGENT/REGISTRAR  
AGREEMENT AND AN ESCROW AGREEMENT; ESTABLISHING PROCEDURES  
FOR SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER  
MATTERS RELATED TO THE ISSUANCE OF THE BONDS**

was duly introduced for the consideration of the District. It was then duly moved and seconded that the Order be passed; and, after due discussion, the motion, carrying with it the passage of the Order, prevailed and carried by the following vote:

AYES:       5  
NOES:       0

2. A true, full and correct copy of the aforesaid Order passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Order has been duly recorded in the Board's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of the Meeting pertaining to the passage of the Order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially

and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that the Order would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; that the Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Government Code, as amended and Section 49.064, Texas Water Code, as amended.

SIGNED AND SEALED this 11<sup>th</sup> day of June, 2020.

  
Secretary, Board of Directors

  
President, Board of Directors



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**ORDER AUTHORIZING THE ISSUANCE OF \$2,100,000 BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT UNLIMITED TAX BONDS, SERIES  
2020; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS;  
APPROVING AN OFFICIAL STATEMENT; AUTHORIZING THE  
EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT;  
AWARDING THE SALE OF THE BONDS; AND AUTHORIZING OTHER  
MATTERS RELATED TO THE ISSUANCE OF THE BONDS**

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**Adopted June 11, 2020**

**ORDER AUTHORIZING THE ISSUANCE OF \$2,100,000 BRUSHY CREEK  
MUNICIPAL UTILITY DISTRICT UNLIMITED TAX BONDS, SERIES 2020;  
LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; APPROVING AN  
OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION OF A PAYING  
AGENT/REGISTRAR AGREEMENT; AWARDED THE SALE OF THE BONDS; AND  
AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS**

**TABLE OF CONTENTS**

		<b>Page</b>
<b>ARTICLE ONE</b>		
<b>PREAMBLE</b>		
Section 1.01	Incorporation of Preamble .....	2
<b>ARTICLE TWO</b>		
<b>DEFINITIONS AND INTERPRETATIONS</b>		
Section 2.01	Definitions.....	2
Section 2.02	Interpretations .....	4
<b>ARTICLE THREE</b>		
<b>AUTHORIZATION, REGISTRATION, EXECUTION, AND AUTHENTICATION OF BONDS</b>		
Section 3.01	Amount, Name, Purpose and Authorization.....	5
Section 3.02	Form, Date, Numbers, and Denomination .....	5
Section 3.03	Interest Rates and Maturities .....	5
Section 3.04	Payment of Principal and Interest.....	5
Section 3.05	Successor Registrar.....	6
Section 3.06	Special Record Date.....	6
Section 3.07	Registered Owners .....	6
Section 3.08	Execution of Bonds.....	7
Section 3.09	Authentication.....	7
Section 3.10	Book-Entry-Only Provisions .....	7
<b>ARTICLE FOUR</b>		
<b>REGISTRATION, TRANSFER, AND EXCHANGE</b>		
Section 4.01	Registration, Transfer and Exchange.....	8
Section 4.01	Mutilated, Lost or Stolen Bonds .....	9
Section 4.01	Cancellation of Bonds.....	10

**ARTICLE FIVE  
REDEMPTION OF BONDS BEFORE MATURITY**

Section 5.01	Redemption of Bonds .....	11
--------------	---------------------------	----

**ARTICLE SIX  
FORM OF BONDS AND CERTIFICATES**

Section 6.01	Form of Bond.....	11
Section 6.02	Registration of Initial Bond by State Comptroller and Certificate .....	19
Section 6.03	Form of Authentication Certificate.....	19
Section 6.04	Form of Assignment .....	20
Section 6.05	CUSIP Registration.....	20
Section 6.06	Legal Opinion and Bond Insurance .....	20

**ARTICLE SEVEN  
SECURITY OF THE BONDS**

Section 7.01	Security of Bonds.....	21
Section 7.02	Levy of Tax.....	21
Section 7.03	Payment of Bonds and Performance of Obligations.....	22
Section 7.04	Consolidation or Dissolution of District.....	22

**ARTICLE EIGHT  
FLOW OF FUNDS AND INVESTMENTS**

Section 8.01	Creation of Funds.....	23
Section 8.02	Series 2020 Capital Projects Fund .....	23
Section 8.03	Security of Funds .....	23
Section 8.04	Debt Service Fund; Tax Levy .....	23
Section 8.05	Investments; Earnings.....	24
Section 8.06	Maintenance of Funds.....	24

**ARTICLE NINE  
APPLICATION OF BOND PROCEEDS**

Section 9.01	Bond Proceeds .....	24
Section 9.02	Accrued Interest .....	24
Section 9.03	Capital Projects .....	24

**ARTICLE TEN  
PROVISIONS CONCERNING FEDERAL INCOME TAX  
EXCLUSION**

Section 10.01           Covenants Regarding Tax Exemption of Interest on the Bonds.....25

**ARTICLE ELEVEN  
ADDITIONAL BONDS AND REFUNDING BONDS**

Section 11.01           Additional Bonds .....27  
Section 11.02           Other Bonds and Obligations.....28  
Section 11.03           Refunding Bonds .....28

**ARTICLE TWELVE  
DEFAULT PROVISIONS**

Section 12.01           Default and Remedies .....28  
Section 12.02           Bond Order is Contract .....29

**ARTICLE THIRTEEN  
DISCHARGE BY DEPOSIT**

Section 13.01           Defeasance of Bonds.....30

**ARTICLE FOURTEEN  
MISCELLANEOUS PROVISIONS**

Section 14.01           District's Successors and Assigns .....31  
Section 14.02           No Recourse Against District Officers or Directors .....31  
Section 14.03           Registrar .....31  
Section 14.04           Registrar May Own Bonds.....31  
Section 14.05           Benefits of Provisions .....32  
Section 14.06           Unavailability of Authorized Publication .....32  
Section 14.07           Severability Clause .....32  
Section 14.08           Accounting .....32  
Section 14.09           Further Proceedings .....32

**ARTICLE FIFTEEN  
SALE AND DELIVERY OF BONDS AND APPROVAL OF  
DOCUMENTS**

Section 15.01           Sale of Bonds .....32  
Section 15.02           Approval, Registration, and Delivery .....33

Section 15.03	Approval of Offering Documents, Paying Agent/Registrar Agreement.....	33
---------------	---	----

**ARTICLE SIXTEEN  
OPEN MEETING AND EFFECTIVE DATE**

Section 16.01	Open Meeting.....	33
Section 16.02	Effective Date of Bond Order .....	33

**ARTICLE SEVENTEEN  
AMENDMENTS**

Section 17.01	Amendments .....	34
---------------	------------------	----

**ARTICLE EIGHTEEN  
CONTINUING DISCLOSURE UNDERTAKING**

Section 18.01	Continuing Disclosure Undertaking .....	35
---------------	---	----

**ARTICLE NINETEEN  
OTHER ACTIONS**

Section 19.01	Other Actions .....	38
---------------	---------------------	----

**ARTICLE TWENTY  
PAYMENT OF THE ATTORNEY GENERAL FEE**

Section 20.01	Payment of the Attorney General Fee.....	39
---------------	--	----

**EXHIBITS**

Exhibit "A"	Paying Agent/Registrar Agreement	
Exhibit "B"	Continuing Disclosure	



**ORDER AUTHORIZING THE ISSUANCE OF \$2,100,000 BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX BONDS, SERIES 2020; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS; APPROVING AN OFFICIAL STATEMENT; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT; AWARDING THE SALE OF THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS**

**THE STATE OF TEXAS §**  
**COUNTY OF WILLIAMSON §**  
**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT §**

**WHEREAS**, Brushy Creek Municipal Utility District, formerly known as Williamson County Municipal Utility District No. 2, (collectively, the "District") was created by an Order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (the "Commission"), dated October 27, 1977, under the terms and provisions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended (collectively, the "Act"), together with all amendments and additions thereto, and the District has all the rights, powers, privileges, authority and functions conferred by and is subject to all duties imposed by the Texas Water Code and the general laws relating to municipal utility districts; and

**WHEREAS**, at an election held on November 6, 2001 the voters of the District authorized the issuance of bonds in one or more issues or series in the maximum amount of \$39,100,000 (the "Utility Bond Election") maturing serially or otherwise in such installments as are fixed by the Board of Directors of the District over a period or periods not exceeding 40 years from their date or dates, bearing interest at any rate or rates and to sell said bonds at any price or prices, provided that the net effective interest rate, on any issue or series shall not exceed the maximum legal limit in effect at the time of the issuance of each such issues or series of said bonds, all as may be determined by the Board of Directors of the District, for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending inside and outside its boundaries a water supply project including, but not limited to, all additions to such project and all works, improvements, facilities, land, plants, equipment, appliances, interests in property and contract rights needed therefor and administrative facilities needed in connection therewith, and to refund any bonds or other evidences of indebtedness issued by the District in an amount not to exceed one and one-half times the amount of bonds or other evidences of indebtedness issued by the District and to provide for the payment of principal and interest on such bonds by the levy and collection of a sufficient tax upon all taxable property within the District, all as authorized by the constitution and laws of the State of Texas; and

**WHEREAS**, the Board has previously issued two installments of new money bonds pursuant to the Bond Election authorization, to wit: \$27,500,000 of its Brushy Creek Municipal Utility District Unlimited Tax Bonds, Series 2003, and \$9,500,000 of its Brushy Creek Municipal Utility District Unlimited Tax Bonds, Series 2005, leaving \$2,100,000 remaining in authorized but unissued new money bonds from the Bond Election; and

**WHEREAS**, the District has received approval from the Commission to issue \$2,100,000 in bonds to finance (1) replacement of membrane modules; (2) water treatment plant compressor replacements; (3) zebra mussel control and treatment improvements to raw water intake line from Lake Georgetown to the water treatment plant and (4) paying certain costs of issuing the Bonds; and

**WHEREAS**, the Board of Directors of the District deems it necessary and advisable at this time to issue \$2,100,000 bonds approved by the Commission pursuant to Chapters 49 and 54 of the Texas Water Code and the Bond Election authorization.

**THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF BRUSHY CREEK MUNICIPAL UTILITY DISTRICT:**

**ARTICLE ONE**  
**PREAMBLE**

**SECTION 1.01. INCORPORATION OF PREAMBLE.** The Board of Directors (the "Board") of the Brushy Creek Municipal Utility District (the "District") hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that the recitals are true and correct.

**ARTICLE TWO**  
**DEFINITIONS AND INTERPRETATIONS**

**SECTION 2.01. DEFINITIONS.** When used in this Bond Order, except in Article Six, and in any resolution or order amendatory or supplemental hereto, the terms listed below shall have the meanings specified below, unless it is otherwise expressly provided or unless the context otherwise requires:

"Additional Bonds" means the additional bonds payable from ad valorem taxes which the Board expressly reserves the right to issue in Section 11.01 of this Bond Order.

"Authorized Investments" means authorized obligations as set forth in the Public Funds Investment Act, Chapter 2256, Texas Government Code and District's investment policy.

"Blanket Issuer Letter of Representations" means the Blanket Issuer Letter of Representations between the District, the Registrar and DTC.

"Board of Directors" or "Board" means the governing body of the District.

"Bonds" shall mean the Bonds initially issued and delivered pursuant to this Bond Order and all substitute Bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term "Bond" shall mean any of the Bonds.

"Bond Order" or "Order" shall mean this Bond Order of the Board of Directors authorizing the issuance of the Bonds.

"Commission" means the Texas Commission on Environmental Quality or its successor or assigns.

"Commission Order" means the order signed April 28, 2020 approving the issuance of the Bonds upon the terms and conditions as outlined in such order.

"Debt Service Fund" means the fund created or confirmed in this Bond Order.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

"District" means the Brushy Creek Municipal Utility District and any other public agency succeeding to the powers, rights, privileges, and functions of the District and, when appropriate, the Board of Directors of the District.

"DTC" means The Depository Trust Company of New York.

"Exchange Bonds" means Bonds registered, authenticated, and delivered by the Registrar, as provided in Section 4.01 of this Bond Order.

"Federal Securities" means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"Fiscal Year" means the twelve-month accounting period for the District, which presently is the twelve-month period beginning on October 1 of each year and ending on September 30 of the following year, but which may be changed from time to time by the Board of Directors.

"Initial Bond" means the Bond authorized, issued, and initially delivered as provided in Sections 3.02 and 6.01 of this Bond Order.

"Initial Purchaser(s)" means the person(s) identified in Section 15.01 of this Bond Order as the initial purchaser(s) of the Bonds.

"Interest Payment Date" means a date on which interest on the Bonds is due and payable. Interest on the Bonds is due and payable on December 1, 2020, and semi-annually on each June 1 and December 1 thereafter until the earlier of maturity or redemption.

"MSRB" means the Municipal Securities Rulemaking Board.

"Outstanding" when used with reference to Bonds, means, as of a particular date, all Bonds theretofore and thereupon delivered except; (a) any Bond canceled by or on behalf of the District at or before said date, (b) any Bond defeased or no longer considered Outstanding pursuant to the provisions of this Bond Order or otherwise defeased as permitted by applicable law and (c) any such Bond in lieu of or in substitution for which another Bond shall have been delivered pursuant to this Bond Order.

"Record Date" means the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) next preceding each Interest Payment Date.

"Redemption Date" means a date fixed for redemption of any Bond pursuant to the terms of this Bond Order.

"Register" means the registry system maintained on behalf of the District by the Registrar in which are listed the names and addresses of the Registered Owners and the principal amount of Bonds registered in the name of each Registered Owner.

"Registered Owner" means any person or entity in whose name a Bond is registered.

"Registrar" or "Paying Agent/Registrar" means Wells Fargo Bank, N.A, or such other bank, trust company, financial institution, or other entity as may hereafter be designated by the District to act as paying agent and registrar for the Bonds in accordance with the terms of this Bond Order.

"Replacement Bonds" means the Bonds authorized by the District to be issued in substitution for lost, apparently destroyed, or wrongfully taken Bonds as provided in Section 4.02 of this Bond Order.

"Rule" means SEC Rule 15c2-12, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission.

"Special Record Date" means the new Record Date for the payment of a respective interest payment established by the Paying Agent/Registrar in the event of a non-payment of interest on a scheduled payment date

"System" means the water system, sanitary sewer system, and drainage and storm sewer system of the District, including, but not limited to, all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor and administrative facilities needed in connection therewith, together with any additional or extensions thereto or improvements and replacements thereof; provided that the system shall not include facilities acquired or constructed to perform contracts between the District and other persons, including private corporations, municipalities and political subdivisions which are financed by proceeds of the District's revenue bonds issued particularly to finance facilities needed to perform such contracts.

**SECTION 2.02. INTERPRETATIONS.** The titles and headings of the articles and sections and the page numbers of this Bond Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Bond Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the taxes levied in payment thereof.

**ARTICLE THREE**  
**AUTHORIZATION, REGISTRATION, EXECUTION,**  
**AND AUTHENTICATION OF BONDS**

**SECTION 3.01. AMOUNT, NAME, PURPOSE, AND AUTHORIZATION.** Each Bond issued pursuant to this Bond Order shall be known and designated as "Brushy Creek Municipal Utility District Unlimited Tax Bond, Series 2020" and the Bonds shall be issued in the aggregate principal amount of \$2,100,000 for purposes as provided by the Bond Election including those purposes authorized by the Commission Order: (i) replacement of membrane modules; (ii) water treatment plant compressor replacements; (iii) zebra mussel control and treatment improvements to raw water intake line from Lake Georgetown to the water treatment plant; (iv) developer interest; and (v) other costs associated with the issuance of the Bonds.

**SECTION 3.02. FORM, DATE, NUMBERS, AND DENOMINATION.** The Bonds shall be issued and delivered in fully registered form without coupons, and may be transferred and exchanged after initial delivery as provided in Article Four of this Bond Order. The Bonds shall be dated July 1, 2020 and have such other terms as provided in the Form of Bond in Article Six of this Bond Order. There shall be one Initial Bond numbered T-1 and delivered to the Attorney General. Bonds registered and delivered by the Registrar subsequent to the Initial Bonds shall be numbered by the Registrar R-1 upward and no two Bonds shall be given the same number. The Bonds registered and delivered subsequent to the Initial Bond shall be in principal denominations of \$5,000 or any integral multiple thereof.

**SECTION 3.03. INTEREST RATES AND MATURITIES.** Bonds shall bear interest from July 1, 2020, at the rate or rates set forth in the following schedule on the basis of a 360 day year composed of twelve 30-day months, and shall mature and become payable, subject

to prior redemption in accordance with the provisions of Article Five hereof, on June 1 in each of the years and in the principal amounts set forth in the schedule below:

<u>Year of Maturity</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>
2021	\$195,000	1.00%
2022	\$195,000	1.00%
2023	\$440,000	1.00%
2024	\$340,000	1.00%
2025	\$135,000	1.25%
2026	\$140,000	1.25%
2027	\$10,000	1.50%
2028	****	****
2029	\$645,000	1.50%

**SECTION 3.04. PAYMENT OF PRINCIPAL AND INTEREST.** The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds, shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable, whether at maturity or by prior redemption in the case of the Bonds, at the designated office for payment of the Registrar. The interest on each Bond shall be payable on December 1, 2020, and semiannually thereafter on June 1 and December 1 of each year by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Registered Owner as shown on the Register on the Record Date or, at the request of a Registered Owner, and at the Registered Owner's risk and expense, in such other manner as may be acceptable to the Registered Owner and the Registrar. Any accrued interest payable at maturity or earlier redemption, in the case of the Bonds, shall be paid upon presentation and surrender of the Bond to which such interest appertains.

If the date for payment on any Bond is a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions are authorized by law or executive order to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

**SECTION 3.05. SUCCESSOR REGISTRAR.** The District covenants that at all times while any Bonds are outstanding it will provide a bank, trust company, financial institution or other entity duly qualified and duly authorized to act as Registrar for the Bonds. The District reserves the right to change the Registrar on not less than 30 days written notice to the Registrar, so long as any such notice is effective at such time as to not disrupt payment on the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor

Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Registered Owner, by United States mail, first-class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

**SECTION 3.06.**      **SPECIAL RECORD DATE.** If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the District. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first-class, postage prepaid, not later than 5 days prior to the Special Record Date, to each affected Registered Owner of record as of the close of business on the day prior to the mailing of such notice.

**SECTION 3.07.**      **REGISTERED OWNERS.** The District, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute Registered Owner of such Bond for the purpose of making payment of principal or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the District, nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Registered Owner of any Bond in accordance with this Section 3.07 shall be valid and effectual and shall discharge the liability of the District and the Registrar upon such Bond to the extent of the sums paid.

**SECTION 3.08.**      **EXECUTION OF BONDS.** The Bonds shall be signed on behalf of the District by the President or Vice-President of the Board of Directors and attested by the Secretary or Assistant Secretary, by their manual, lithographed, or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. The facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and the facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds. If any officer of the District whose manual or facsimile signature appears on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

**SECTION 3.09.**      **AUTHENTICATION.** The Initial Bond shall bear thereon a certificate of registration of the Comptroller of Public Accounts of the State of Texas, substantially in the form provided in Section 6.02 of this Bond Order, manually executed by the Comptroller or a duly authorized deputy. All other Bonds shall bear a certificate of authentication, substantially in the form provided in Section 6.03 of this Bond Order, manually executed by an authorized officer of the Registrar. No Bond shall be valid or obligatory for any purpose unless either the

registration certificate of the Comptroller or the authentication certificate of the Registrar has been signed by a duly authorized officer thereof.

**SECTION 3.10. BOOK-ENTRY-ONLY PROVISIONS.** (a) Book-Entry-Only-System. The Bonds issued in exchange for the Initial Bond issued as provided in Section 3.02 shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (b) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (I) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Register, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any person, other than a Registered Owner, as shown in the Register of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the District and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Register, shall receive a Bond evidencing the obligation of the District to make payments of principal, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks being mailed to the registered owner at the close of business on the Record Date the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(b) Successor Securities Depository; Transfer Outside Book-Entry-Only System. In the event that the District determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the District shall either (i) appoint a successor securities depository, qualified to act as such under Section



17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Order.

(c) Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations of the District to DTC.

(d) DTC Blanket Letter of Representations. The District confirms execution of a Blanket Issuer Letter of Representations with DTC establishing the Book-Entry-Only System which will be utilized with respect to the Bonds.

(e) Cancellation of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the order of the Initial Purchaser of the Bonds or its designee set forth in Section 15.01 of this Bond Order, executed by manual or facsimile signature of the President or Vice-President and Secretary or Assistant Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such Initial Purchaser or its designee set forth in Section 15.01 of this Bond Order. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver to DTC on behalf of such Initial Purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all the Bonds for such maturity.

## **ARTICLE FOUR**

### **REGISTRATION, TRANSFER, AND EXCHANGE**

**SECTION 4.01. REGISTRATION, TRANSFER, AND EXCHANGE.** So long as any Bonds remain outstanding, the Registrar shall keep at its designated office for payment the Register, in which, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Bond Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the designated office for payment of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or an authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall

authenticate and deliver in exchange therefor, within 72 hours after such presentation, a new Bond or Bonds of the same type, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the designated office for payment of the Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section 4.01. Each Bond delivered in accordance with this Section 4.01 shall be entitled to the benefits and security of this Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The District or the Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the District.

**SECTION 4.02. MUTILATED, LOST, OR STOLEN BONDS.** Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Bond of like amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Registered Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Bond of like amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Registered Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The District or the Registrar may require the Registered Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (a) furnish to the District and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;

- (b) furnish such security or indemnity as may be required by the Registrar and the District to save them harmless;
- (c) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (d) meet any other reasonable requirements of the District and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond which such replacement Bond was issued presents for payment such original Bond, the District and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Registrar in connection there with.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section 4.02 shall be entitled to the benefits and security of this Bond Order to the same extent as the Bond or Bonds in lieu of which such replacement is delivered.

**SECTION 4.03. CANCELLATION OF BONDS.** All Bonds paid in accordance with this Bond Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated, registered, and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment, redemption, exchange, or replacement. This Registrar shall furnish the District with appropriate certificates of destruction of such Bonds.

**ARTICLE FIVE**  
**REDEMPTION OF BONDS BEFORE MATURITY**

**SECTION 5.01. REDEMPTION OF BONDS.** The District reserves the right, at its option, to redeem the Bonds as set forth in the FORM OF BOND in Section 6.01.

**ARTICLE SIX**  
**FORM OF BOND**

**SECTION 6.01. FORM OF BOND.** The Bonds authorized by this Bond Order shall be in substantially the following Form, with such omissions, insertions, and variations, including variations in form, spacing, and style, as may be necessary and desirable and consistent with the

terms of this Bond Order. The District shall provide sufficient printed bond forms, duly executed by the District, to the Registrar for registration, authentication, and delivery of the Bonds in accordance with the provisions of this Bond Order.

**FORM OF BOND**

**UNITED STATES OF AMERICA  
STATE OF TEXAS**

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT  
UNLIMITED TAX BOND  
SERIES 2020**

**NO. R-**

**PRINCIPAL  
AMOUNT  
\$2,100,000**

<b><u>INTEREST RATE</u></b>	<b><u>DATE OF BONDS</u></b>	<b><u>MATURITY DATE</u></b>	<b><u>CUSIP NO.</u></b>
%	July 1, 2020		

**REGISTERED OWNER: CEDE & CO.**

**PRINCIPAL AMOUNT: TWO MILLION ONE HUNDRED THOUSAND DOLLARS**

**ON THE MATURITY DATE** specified above, **BRUSHY CREEK MUNICIPAL UTILITY DISTRICT** (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assign (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon, calculated on the basis of a 360 day year of twelve 30 day months from July 1, 2020, on December 1, 2020 and semiannually on each June 1 and December 1 thereafter (an "Interest Payment Date") to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is after any Record Date (hereinafter defined) but on or before the next following Interest Payment Date, in which case such principal amount shall bear interest from such next following Interest Payment Date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

**THE PRINCIPAL OF AND INTEREST ON** this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity at Wells Fargo Bank, N.A. which is the "Registrar" or "Paying Agent/Registrar" for this Bond at its designated office for payment in Dallas, Texas. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each Interest Payment Date by check or draft, dated as of such interest payment date, drawn by the Registrar on, and payable solely from, funds of the District required by the order authorizing the issuance of the Bonds (the "Bond Order") to be on deposit with the Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Registrar by United States mail, first-class postage prepaid, on or before each such Interest Payment Date, to the Registered Owner hereof, at its address as it appeared on the fifteenth (15th) calendar day of the month next preceding each such date (the "Record Date") on the Register kept by the Registrar listing the names and addresses of the Registered Owners (the "Register"). In addition, interest may be paid by such other method, acceptable to the Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 calendar days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 calendar days after the Special Record Date) shall be sent at least 5 business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner as it appears on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

**DURING ANY PERIOD** in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the District and the securities depository.

**ANY ACCRUED INTEREST** due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment at the designated office for payment of the Paying Agent/Registrar. The District covenants with the Registered Owner of this Bond that on or before each principal payment date, Interest Payment Date, and any redemption date for this Bond it will make available to the Registrar, from the "Debt Service Fund" the creation of which is affirmed by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

**IF THE DATE** for any payment due on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated office for payment of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the

next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

**THIS BOND** is one of a series of Bonds dated as of July 1, 2020 and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal amount of **\$2,100,000 FOR PURPOSES AS PROVIDED BY THE BOND ELECTION INCLUDING THOSE PURPOSES AUTHORIZED BY THE COMMISSION ORDER: (I) REPLACEMENT OF MEMBRANE MODULES; (II) WATER TREATMENT PLANT COMPRESSOR REPLACEMENTS; (III) ZEBRA MUSSEL CONTROL AND TREATMENT IMPROVEMENTS TO RAW WATER INTAKE LINE FROM LAKE GEORGETOWN TO THE WATER TREATMENT PLANT; (IV) DEVELOPER INTEREST; AND (V) OTHER COSTS ASSOCIATED WITH THE ISSUANCE OF THE BONDS.**

**ON JUNE 1, 2025 OR ON ANY DATE THEREAFTER**, the Bonds maturing on and after June 1, 2026, inclusive, may be redeemed prior to their scheduled maturities, at the option of the District, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Bonds, or portions thereof, or the sinking fund installments in the case of the Term Bonds, defined below, to be redeemed shall be selected and designated by the District, and if less than all of a maturity, or sinking fund installment, is to be redeemed the Registrar shall determine by lot, or other random customary method, the Bonds, or portions thereof within such maturity, or sinking fund installment, to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 of principal amount).

**AT LEAST** 30 calendar days prior to the date fixed for any optional redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Registrar by United States mail, first-class postage prepaid, to (i) the Registered Owner of each Bond to be redeemed at its address as it appeared on the Register on the 45th calendar day prior to such redemption date and (ii) major securities depositories and bond information services. By the date fixed for any such redemption due provision shall be made with the Registrar for the payment of the required redemption price for the Bonds or portions for which such payment is made, all as provided above. The Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any authorized denomination or denominations, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner

upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Bond Order.

**WITH RESPECT TO** any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

**ALL BONDS OF THIS SERIES** are issuable solely as fully registered Bonds, without interest coupons, in the principal denomination in the case of the Bonds, of any integral multiple of \$5,000. As provided in the Bond Order, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The Form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the District. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Registrar shall not be required to make any such transfer, conversion or exchange of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or Interest Payment Date or (ii) within 45 calendar days prior to its redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

**WHENEVER** the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

**IN THE EVENT** any Registrar for the Bonds is changed by the District, resigns, or otherwise ceases to act as such, the District has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

**THE BONDS** are payable from the proceeds of an ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The Bond Order provides that the District reserves the right to consolidate with one or more conservation and reclamation districts, to consolidate its waterworks and sewer systems with the systems of such districts. The Bond Order further provides that the pledge of taxes, to the payment of the Bonds shall terminate at such time, if ever, as (i) money and/or Defeasance Securities are deposited with or made available to the Registrar in accordance with the Bond Order or (ii) a city dissolves the District, and assumes the obligations of the District pursuant to existing Texas law.

**THE BONDS** are issued pursuant to the Bond Order, where under the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on all taxable property within the District, for each year while any part of the Bonds are considered outstanding under the provisions of the Bond Order, in sufficient amount, together with revenues and receipts available from other sources which are equally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of the principal of the Bonds when due or the redemption price at any earlier required redemption date with respect to the Bonds, and to pay the expenses of assessing and collecting such tax, all as more specifically provided in the Bond Order. Reference is hereby made to the Bond Order for provisions with respect to the operation and maintenance of the District's facilities, the custody and application of funds, remedies in the event of a default hereunder or thereunder, and the other rights of the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner hereof consents to all of the provisions of the Bond Order, a certified copy of which is on file in the office of the District.

**THE OBLIGATION** to pay the principal of and the interest on this Bond is solely and exclusively the obligation of the District until such time, if ever, as the District is abolished and this Bond is assumed as described above. No other entity, including the State of Texas, any political subdivision thereof other than the District, or any other public or private body, is obligated, directly, indirectly, contingently, or in any other manner, to pay the principal of or the interest on this Bond from any source whatsoever. No part of the physical properties of the District, including the properties provided by the proceeds of the Bonds, is encumbered by any lien for the benefit of the Registered Owner of this Bond.



**THE DISTRICT RESERVES THE RIGHT** to issue additional bonds heretofore or hereafter duly authorized at elections held in the District payable from a lien on and pledge of taxes; bonds, notes and other obligations of inferior liens, and revenue bonds, notes and other obligations payable solely from revenues of the District or revenues to be received under contracts with other persons, including private corporations, municipalities and political subdivisions or from any other source. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund any bonds (including the Bonds) at or prior to their respective dates of maturity or redemption.

**TO THE EXTENT** permitted by and in the manner provided in the Bond Order, the terms and provisions of the Bond Order and the rights of the Registered Owners of the Bonds may be modified with, in certain circumstances, the consent of the Registered Owners of a majority in aggregate principal amount of the Bonds affected thereby; provided, however, that, without the consent of the Registered Owners of all of the Bonds affected, no such modification shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of the Bonds required for consent to any such modification.

**THIS BOND** shall not be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order unless this Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon or (b) is authenticated as evidenced by execution of the authentication certificate endorsed hereon by the Registrar.

**IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED** that all acts, conditions, and things necessary to be done precedent to the issuance of the Bonds in order to render the same legal, valid, and binding obligations of the District have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law: that provision has been made for the payment of the principal of and interest on the Bonds by the levy of a continuing, direct annual ad valorem tax upon all taxable property within the District and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In the event that any provisions herein contained do or would, presently or prospectively, operate to make any part hereof void or voidable, such provisions shall be without effect or prejudice to the remaining provisions hereof, which shall nevertheless remain operative, and such violative provisions, if any, shall be reformed by a court of competent jurisdiction within the limits of the laws of the State of Texas.

**IN WITNESS WHEREOF**, the District has caused this Bond to be signed with the manual or facsimile signature of the President or Vice President of the Board of Directors of the District and countersigned with the manual or facsimile signature of the Secretary or Assistant Secretary of the Board of Directors of the District, and has caused the official seal of the District to be duly impressed, or placed in facsimile, on this Bond.

**BRUSHY CREEK MUNICIPAL  
UTILITY DISTRICT**

\_\_\_\_\_  
Secretary, Board of Directors

\_\_\_\_\_  
President, Board of Directors

(SEAL)

**INSERTIONS FOR THE INITIAL BOND**

The Initial Bond shall be in the form set forth in this Section, except that:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and "CUSIP NO." shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

**"ON THE MATURITY DATE SPECIFIED BELOW**, the Brushy Creek Municipal Utility District (the "District"), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on June 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Year of Maturity</u>	<u>Amount Maturing</u>	<u>Interest Rate</u>
-----------------------------	----------------------------	--------------------------

The District promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from July 1, 2020 at the respective Interest Rate per annum specified above. Interest is payable on December 1, 2020 and semiannually on each June 1 and December 1 thereafter (an "Interest Payment Date") to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is after any Record Date (hereinafter defined) but on or before the next following Interest Payment Date, in which case such principal amount shall bear interest from such next following Interest Payment Date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

C. The Initial Bond shall be numbered "T-1 ."

**SECTION 6.02. REGISTRATION OF INITIAL BOND BY STATE COMPTROLLER AND CERTIFICATE.** The Initial Bond shall be registered by the Comptroller of Public Accounts of the State of Texas as provided by law. The registration certificate of the Comptroller of Public Accounts of the State of Texas shall be printed on the face of the Initial Bond and shall be in substantially the following form:

**COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_**

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

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

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

(COMPTROLLER'S SEAL)

**SECTION 6.03. FORM OF AUTHENTICATION CERTIFICATE.** The following form of authentication certificate shall be printed on the face of each of the Bonds other than the Initial Bonds:

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**  
**(To be executed if this Bond is not accompanied by an**  
**executed Registration Certificate of the Comptroller**  
**of Public Accounts of the State of Texas)**

It is hereby certified that this Bond has been issued under the provisions of the Bond Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

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

**WELLS FARGO BANK, N.A.**  
**Registrar**

By. \_\_\_\_\_  
Authorized Representative

**SECTION 6.04. FORM OF ASSIGNMENT.** A form of assignment shall be printed on the back of each of the Bonds and shall be in substantially the following form:

For value received, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

\_\_\_\_\_

Please insert Social Security or Taxpayer Identification Number of Transferee

\_\_\_\_\_

\_\_\_\_\_

(Please print or typewrite name and address, including zip code of Transferee)

\_\_\_\_\_

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints, \_\_\_\_\_, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner in every particular, without alteration or enlargement or any change what so ever.

**SECTION 6.05. CUSIP REGISTRATION.** The President of the Board of Directors may secure the printing of identification numbers on the Bonds through the CUSIP Service Bureau.

**SECTION 6.06. LEGAL OPINION AND BOND INSURANCE.** The approving opinion of McCall, Parkhurst & Horton L.L.P., Austin, Texas, may be printed on the back of the Bonds over the certification of the Secretary or Assistant Secretary of the Board of Directors which may be executed in facsimile. In addition, if any bond insurance is obtained, any statement of insurance may be placed on the Bonds.

**ARTICLE SEVEN**  
**SECURITY OF THE BONDS**

**SECTION 7.01. SECURITY OF BONDS.** The Bonds are secured by and payable from the levy of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property within the District.

**SECTION 7.02. LEVY OF TAX.** (a) To pay the interest on the Bonds, and to create a sinking fund for the payment of the principal thereof when due, and to pay the expenses of assessing and collecting such taxes, there is hereby levied, and there shall be assessed and collected in due time, a continuing, direct annual ad valorem tax without limit as to rate or amount on all taxable property within the District for each year while any of the Bonds are outstanding. All of the proceeds of such collections, except expenses incurred in that connection, shall be paid into the Series 2020 Debt Service Fund, and the aforementioned tax and such payments into such fund shall continue until the Bonds and the interest thereon have been fully paid and discharged, and such proceeds shall be used for such purposes and no other. While said Bonds, or any of them, are outstanding and unpaid, an ad valorem tax will be sufficient to provide funds to pay the interest on said Bonds and to provide the necessary sinking fund to pay the principal when due, full allowance being made for delinquencies and costs of collection, together with revenues and receipts from other sources that are legally available for such purpose, shall be levied and collected and applied to the payment of principal and interest on the Bonds, as follows:

- (1) By September 1 in each year, or as soon thereafter as practicable, the Board shall consider the taxable property within the District and determine the actual rate per \$100 valuation of taxable property which is to be levied in that year and levy the tax against all taxable property within the District.
- (2) In determining the actual rate to be levied in each year, the Board shall consider among other things:
  - (I) the amount which should be levied for maintenance and operation purposes;
  - (ii) the amount which should be levied for the payment of principal, interest, and redemption price of each series of bonds or notes payable in whole or in part from taxes;
  - (iii) the amount which should be levied for the purpose of paying all other contractual obligations of the District payable in whole or in part from taxes; and
  - (iv) the percentage of anticipated tax collections and the cost of collecting the taxes.
- (3) In determining the amount of taxes which should be levied each year, the Board shall consider whether proceeds from the sale of Bonds have been placed in the Series 2020 Debt Service Fund to pay interest on the Bonds and whether the Board

reasonably expects to have revenue or receipts available from other sources which are legally available to pay debt service on the Bonds.

(b) Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of ad valorem taxes of the District granted by the District under this Order, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of ad valorem taxes granted by the District under this Order is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 7.03. PAYMENT OF BONDS AND PERFORMANCE OF OBLIGATIONS.** The District covenants to pay promptly the principal of and interest on the Bonds as the same become due and payable, whether at maturity or by prior redemption, in accordance with the terms of the Bonds and this Bond Order, and to keep and perform faithfully all of its covenants, undertakings, and agreements contained in this Bond Order, or in any Bond executed, authenticated, and delivered hereunder.

**SECTION 7.04. CONSOLIDATION OR DISSOLUTION OF DISTRICT.** To the extent provided by law, the pledge of taxes set forth in Section 7.02 will terminate if a city takes over all properties and assets, assumes all debts, liabilities, and obligations, and performs all functions and services of the District, and the District is abolished pursuant to law.

The laws of the State of Texas permit the District to be consolidated with one or more conservation and reclamation districts. In the event the District is consolidated with another district or districts, the District reserves the right to:

(i) Consolidate the System with a similar system of one or more districts with which the District is consolidating and operate and maintain the systems as one consolidated system (herein for purposes of this section the "Consolidated System").

(ii) Apply the net revenues from the operation of the Consolidated System to the payment of principal, interest, redemption price and bank charges on the revenue bonds or the combination tax and revenue bonds (herein for purposes of this section the "Revenue Bonds") of the District and of the district or districts with which the District is consolidating (herein collectively the "Consolidating Districts") without preference to any series of bonds (except subordinate lien revenue bonds which shall continue to be subordinate to the first lien Revenue Bonds of the Consolidating Districts).

(iii) Pledge the net revenues of the Consolidated System to the payment of principal, interest, redemption price and bank charges on Revenue Bonds which may be

issued by the Consolidating Districts on a parity with the outstanding first lien Revenue Bonds of the Consolidating Districts.

**ARTICLE EIGHT**  
**FLOW OF FUNDS AND INVESTMENTS**

**SECTION 8.01. CREATION OF FUNDS.** The Series 2020 Debt Service Fund and the Series 2020 Capital Projects Fund are hereby created or confirmed. Each fund shall be kept separate and apart from all other funds of the District. The Series 2020 Debt Service Fund shall constitute a trust fund which shall be held in trust by the District for the benefit of the Owners of the Bonds.

**SECTION 8.02. SERIES 2020 CAPITAL PROJECTS FUND.** The Series 2020 Capital Projects Fund shall comprise the capital improvements fund of the District. The District shall deposit to the credit of the Series 2020 Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposit to the Series 2020 Debt Service Fund provided in Section 9.02 of this Order. The Series 2020 Capital Projects Fund shall be applied solely to pay (i) the costs necessary or appropriate to accomplish such of the purposes for which the Bonds are issued as approved by the Commission and the Bond Election with any surplus proceeds applied in accordance with the Bond Election and subject to the Commission's further approval or as authorized by the Commission's rules and (ii) the costs of issuing the Bonds. Interest earnings derived from the investment of proceeds from the sale of the Bonds deposited in the Series 2020 Capital Projects Fund shall be used for the purpose for which the Bonds are issued; provided that after completion of the purposes set forth in Section 3.01 of this Order and as otherwise approved or authorized by the Commission, any interest earnings remaining on hand shall be deposited in the Series 2020 Debt Service Fund.

**SECTION 8.03. SECURITY OF FUNDS.** Any cash balance in any fund, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, shall be continuously secured in the manner provided by law for the security of funds of counties of the State of Texas.

**SECTION 8.04. DEBT SERVICE FUND; TAX LEVY.** The District shall deposit or cause to be deposited into the Series 2020 Debt Service Fund the aggregate of the following at the time specified:

- (a) As soon as practicable after the Bonds are sold, accrued interest on the Bonds from their date to the date of their delivery; and
- (b) The proceeds from collection of the ad valorem taxes levied, assessed and collected for and on account of the Bonds pursuant to Section 7.02 hereof, less costs of collection, as collected.

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing, direct annual ad valorem tax upon all taxable property within the District sufficient to pay the current interest on the Bonds as the same becomes due, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose. On or before the date for payment of the principal and/or Interest Payment Date on the Bonds, the Board of Directors shall cause the transfer of moneys out of the Series 2020 Debt Service Fund to the Registrar in an amount not less than that which is sufficient to pay the principal which matures on such date and the interest which accrues on such date. The District shall pay fees and charges of the Registrar for its services as paying agent and registrar for the Bonds from the Series 2020 Debt Service Fund.

**SECTION 8.05. INVESTMENTS; EARNINGS.** Moneys deposited into the Series 2020 Debt Service Fund and the Series 2020 Capital Projects Fund and any other fund or funds which the District may lawfully create may be invested or reinvested in Authorized Investments. All investments and any profits realized from and interest accruing on investments made from any fund may be transferred to the Series 2020 Debt Service Fund. If any moneys are so invested, the District shall have the right to have sold in the open market a sufficient amount of such investments to meet its obligations in the event any fund does not have sufficient uninvested funds on hand to meet the obligations payable out of such fund. After such sale the moneys resulting therefrom shall belong to the fund from which the moneys for such investments were initially taken. The District shall not be responsible to the Registered Owners for any loss arising out of the sale of any investments.

**SECTION 8.06. MAINTENANCE OF FUNDS.** Any funds created pursuant to this Bond Order may be created as separate funds or accounts or as subaccounts of the District's General Fund held by the District's depository, and, as such, not held in separate bank accounts. Such treatment shall not constitute a commingling of the monies in such funds or of such funds and the District shall keep full and complete records indicating the monies and investments credited to each such fund.

## **ARTICLE NINE** **APPLICATION OF BOND PROCEEDS**

**SECTION 9.01. BOND PROCEEDS.** Proceeds from the sale of the Bonds will be disbursed in accordance with this Article.

**SECTION 9.02. ACCRUED INTEREST.** Moneys received from the Initial Purchaser of the Bonds representing accrued interest on the Bonds from their date to the date of their actual delivery shall be deposited into the Series 2020 Debt Service Fund.



**SECTION 9.03. CAPITAL PROJECTS.** Proceeds of the Bonds necessary to complete the purposes set forth in Section 3.01 herein and to pay the costs of issuance of the Bonds shall be deposited in the Series 2020 Capital Projects Fund. Any surplus bond proceeds after completion of the projects authorized in the Commission Order, shall be applied in accordance with the Bond Election and subject to the Commission's approval or as authorized by the Commission rules.

**ARTICLE TEN**  
**PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION**

**SECTION 10.01. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.** (a) Covenants. The District covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the District covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the District, with respect to such private business use, do not, under the terms of this Bond Order or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the Bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(9) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (9), a "Rebate Fund" is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The District understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds not expended prior to the date of issuance of the Bonds. It is the understanding of the District that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter

promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the District will not be required to comply with any covenant contained herein to the extent that such failure to comply, 'in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the District agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the District hereby authorizes and directs the President or Vice President to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the District, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation Of, and Limitation On, Expenditures for the Project. The District covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 3.01 of this Order (the "Project") on its books and records in accordance with the requirements of the Code. The District recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the District recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The District agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes of this subsection, the District shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The District covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the District of cash or other compensation, unless the District obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of this subsection, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this subsection, the District shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

**ARTICLE ELEVEN**  
**ADDITIONAL BONDS AND REFUNDING BONDS**

**Section 11.01.**        **ADDITIONAL BONDS.** The District expressly reserves the right to issue, in one or more installments, for the purpose of purchasing, constructing, acquiring, owning, operating, maintaining, repairing, improving, or extending the System, or for any other lawful purpose unlimited tax bonds or combination unlimited tax and revenue bonds as may hereafter be authorized at subsequent elections.

**Section 11.02.**        **OTHER BONDS AND OBLIGATIONS.** The District further reserves the right to issue unlimited tax bonds or combination unlimited tax and revenue bonds, if authorized by election, and such other bonds or other obligations as may be lawfully issued by the District including any obligations issued for special projects or defined areas.

The District further reserves the right to issue bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of water and/or sewer facilities necessary under contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities, such bonds to be payable from and secured by the proceeds of such contract or contracts. The District further reserves the right to refund such bonds.

**Section 11.03.**        **REFUNDING BONDS.** The District further reserves the right to issue refunding bonds in any manner permitted by law to refund the Bonds and any Additional Bonds, or any other obligations issued by the District, at or prior to their respective dates of maturity or redemption.

**ARTICLE TWELVE**  
**DEFAULT PROVISIONS**

**SECTION 12.01.**        **DEFAULT AND REMEDIES.**

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

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

(ii) default in the performance or observance of any other covenant, agreement or obligation of the District, the failure to perform which materially, adversely affects the rights of the Registered Owners of the Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the District.

(b) Remedies for Default.

(i) Upon the happening of any Event of Default, then and in every case, any Registered Owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the District, or any official, officer or employee of the District in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Order, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies.

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Bonds then outstanding.

(c) Remedies Not Exclusive.

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

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

(iii) By accepting the delivery of a Bond authorized under this Order, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Order do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the District or the Board of Directors.

(iv) None of the members of the Board of Directors, nor any other official or officer, agent, or employee of the District, shall be charged personally by the Registered Owners with any liability, or be held personally liable to the Registered Owners under any term or provision of this Order, or because of any Event of Default or alleged Event of Default under this Order.

**SECTION 12.02. BOND ORDER IS CONTRACT.** In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by the Registered Owners, the provisions of this Bond Order shall be deemed to be and shall constitute a contract between the District and the Registered Owners; and the covenants and agreements herein set forth to be

performed on behalf of the District shall be for the equal benefit, protection, and security of each of the Registered Owners. The Bonds, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority, or distinction of any Bond over any other, except as expressly provided herein.

### **ARTICLE THIRTEEN** **DISCHARGE BY DEPOSIT**

**SECTION 13.01. DEFEASANCE OF BONDS.** (a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Order, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the District with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied as provided in this Order, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the Board of Directors also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be turned over to the Board of Directors.

(c) Notwithstanding any provision of any other Section of this Order which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and

premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by this Order.

(d) Notwithstanding anything elsewhere in this Order, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection(a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

## **ARTICLE FOURTEEN**

### **MISCELLANEOUS PROVISIONS**

**SECTION 14.01. DISTRICT'S SUCCESSORS AND ASSIGNS.** Whenever in this Bond Order the District is named and referred to, it shall be deemed to include its successors and assigns, and all covenants and agreements in this Bond Order by or on behalf of the District, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

**SECTION 14.02. NO RECOURSE AGAINST DISTRICT OFFICERS OR DIRECTORS.** No recourse shall be had for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Bond Order against any officer or director of the District or any person executing the Bonds.

**SECTION 14.03. REGISTRAR.** The Registrar shall act as agent for the payment of principal of and interest on the Bonds and shall maintain the Register for the Bonds, all in accordance with the terms of this Bond Order. If the Registrar or its successor becomes unable for any reason to act as Registrar hereunder, or if the Board of Directors of the District determines that a successor Registrar should be appointed, a successor Registrar shall be selected by the District. Any successor Registrar shall be either a bank, trust company, financial institution, or other entity

duly qualified and legally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

**SECTION 14.04. REGISTRAR MAY OWN BONDS.** The Registrar, in its individual or any other capacity, may become the owner or pledges of the Bonds with the same rights it would have if it were not Registrar.

**SECTION 14.05. BENEFITS OF PROVISIONS.** Nothing in this Bond Order or in the Bonds, expressed or implied, shall give or be construed to give any person, firm, or corporation, other than the District, the Registrar, and the Registered Owners, any legal or equitable right or claim under or in respect of this Bond Order, or under any covenant, condition, or provision herein contained, all the covenants, conditions, and provisions contained in this Bond Order or in the Bonds being for the sole benefit of the District, the Registrar, and the Registered Owners.

**SECTION 14.06. UNAVAILABILITY OF AUTHORIZED PUBLICATION.** If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Bond Order shall be given in such other manner and at such time or times as in the judgment of the District shall most effectively approximate such required publication, and the giving of such notice in such manner shall for all purposes of this Bond Order be deemed to be in compliance with the requirements for publication thereof.

**SECTION 14.07. SEVERABILITY CLAUSE.** If any word, phrase, clause, sentence, paragraph, section, or other part of this Bond Order, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Bond Order and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Bond Order to any other persons or circumstances shall not be affected thereby.

**SECTION 14.08. ACCOUNTING.** The District will keep proper records and accounts regarding the levy and collection of taxes, which records and accounts will be made available to any Registered Owner on reasonable request. Each year while any of the Bonds are outstanding, the District shall have an audit of its books and accounts by a certified public accountant or firm of certified public accountants, based on its Fiscal year, and copies of such audits will be made available to any Registered Owner upon request.

**SECTION 14.09. FURTHER PROCEEDINGS.** The President and Secretary of the Board of Directors and other appropriate officials of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Bond Order.

**ARTICLE FIFTEEN**  
**SALE AND DELIVERY OF BONDS AND APPROVAL OF DOCUMENTS**



**SECTION 15.01. SALE OF BONDS.** The Bonds are hereby sold, pursuant to the taking of public bids therefor, on this date, and shall be delivered to Robert W. Baird & Co., Inc. (the "Initial Purchaser") at a price of 99.45524% of the par amount plus accrued interest. The Board hereby finds and determines that the net effective interest rate on the Bonds, as calculated pursuant to Chapter 1204, Texas Government Code, as amended is 1.422388%. Pursuant to Section 1201.022(a)(3), Texas Government Code, as amended, it is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable in the best interest of the District, and the Initial Purchaser's sealed bid produced the lowest net effective interest rate to the District as required by Section 49.183, Texas Water Code. The Initial Bond shall initially be registered in the name of Cede & Co.

**SECTION 15.02. APPROVAL, REGISTRATION, AND DELIVERY.** The President or Vice President of the Board of Directors of the District and representatives of McCall, Parkhurst & Horton L.L.P. are hereby authorized and directed to submit the Initial Bond and a transcript of the proceedings relating to the issuance of the Bonds to the Attorney General of the State of Texas for approval and, following said approval, to submit the Initial Bond to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Initial Bond, the Comptroller of Public Accounts (or a deputy designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be printed and endorsed on the Initial Bond, and the seal of the Comptroller shall be impressed or placed in facsimile on the Initial Bond. After the Initial Bond has been registered, signed, and sealed by the Comptroller, it shall be delivered to the Initial Purchaser, but only upon receipt of the full purchase price.

**SECTION 15.03. APPROVAL OF OFFERING DOCUMENTS AND PAYING AGENT/REGISTRAR AGREEMENT.** A "Notice of Sale and Bidding Instructions", an "Official Bid Form", and a "Preliminary Official Statement", dated May 14, 2020 were prepared and distributed in connection with the sale of the Bonds (said documents are hereinafter referred to as the "Offering Documents"). Said Offering Documents, and any addenda, supplement, or amendment thereto, are hereby approved by the Board of Directors of the District, and their use in the offer and sale of the Bonds is hereby approved.

The Paying Agent/Registrar Agreement by and between the District and Wells Fargo Bank, N.A., Dallas, Texas ("Paying Agent Agreement") in substantially the form and substance attached hereto as Exhibit "A" is hereby approved and the President or Vice President is hereby authorized and directed to complete, amend, modify and execute the Paying Agent Agreement, as necessary.

## **ARTICLE SIXTEEN** **OPEN MEETING AND EFFECTIVE DATE**

**SECTION 16.01. OPEN MEETING.** The Board of Directors officially finds, determines, and declares that this Bond Order was reviewed, carefully considered, and adopted at a meeting of the Board, and that a sufficient written notice of the date, hour, place, and subject of this meeting was posted as required by the Open Meetings Act, Chapter 551, Texas Government

Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Bond Order and the subject matter hereof has been discussed, considered, and acted upon. The Board of Directors further ratifies, approves and confirms such written notice and the contents and posting thereof.

**SECTION 16.02. EFFECTIVE DATE OF BOND ORDER.** This Bond Order shall take effect and be in full force and effect upon and after its passage.

## **ARTICLE SEVENTEEN** **AMENDMENTS**

**SECTION 17.01. AMENDMENTS.** (a) Amendment with Consent of Owners of 51% of Bonds. The owners of 51% in aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendment to this Bond Order which may be deemed necessary or desirable by the District; provided however, that, other than as permitted by subsection (f) of this Section 17.01, nothing herein contained shall permit or be construed to permit the amendment, without the consent of the owner of each of the outstanding Bonds affected thereby, of the terms and conditions of this Bond Order or the Bonds so as to:

- (1) change debt service requirements, interest payment dates or the maturity or maturities of the outstanding Bonds;
- (2) reduce the rate of interest borne by any of the outstanding Bonds;
- (3) reduce the amount of the principal of, redemption premium, if any, or interest on the outstanding Bonds or impose any conditions with respect to such payments;
- (4) modify the terms of payment of principal of, redemption premium, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (5) affect the right of the Registered Owners of less than all of the Bonds then outstanding;  
or
- (6) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment.

(b) Notice of Amendment. If at any time the District shall desire to amend this Bond Order it may cause a written notice of the proposed amendment to be published at least once on a business day in a financial newspaper, journal, or publication of general circulation in the City of New York, New York, or in the State of Texas. If, because of temporary or permanent suspension of the publication or general circulation of all such newspapers, journals, or publications, it is impossible or impractical to publish such notice in the manner provided herein, then such publication in lieu thereof as shall be made by the Registrar shall constitute a sufficient publication

of notice. In addition to such publication, the Registrar shall cause a written notice of the proposed amendment to be given by registered or certified mail to Registered Owners of the Bonds as shown on the Register maintained by the Registrar; provided, however, that failure to receive such written notice of the proposed amendment, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding in connection with, or the adoption of, such amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Registrar for inspection by all Registered Owners of Bonds.

(c) Consent to Amendment. Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other services of written notice the District shall receive an instrument or instruments executed by the Registered Owners of at least 51% in aggregate principal amount of all Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and shall specifically consent to and approve such amendment, the District may adopt the amendatory resolution or order in substantially the same form.

(d) Effect of Amendment. Upon the adoption of any amendatory resolution or order pursuant to the provisions of this Section, this Bond Order shall be deemed to be amended in accordance with such amendatory resolution or order, and the respective rights, duties, and obligations under such amendatory resolution or order of all the Registered Owners shall thereafter be determined and exercised subject in all respects to such amendments.

(e) Consent of Registered Owners. Any consent given by a Registered Owners pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the Bonds during such period. Such consent may be revoked by the Registered Owner who gave such consent at any time after six months from the date of the first giving of such notice, or by a successor in title, by filing notice thereof with the Registrar and the District, but such revocation shall not be effective if the Registered Owners of 51% in aggregate principal amount of the then outstanding Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) Amendments Without Consent. Notwithstanding the provisions of (a) through (f) of this Section, and without notice of the proposed amendment and without the consent of the Registered Owners. The District may, at any time, amend this Bond Order to cure any ambiguity or to cure, correct, or supplement any defective or inconsistent provision contained therein, or to make any other change that does not in any respect materially and adversely affect the interest of the Registered Owners, provided that no such amendment shall be made contrary to the provision to Section 17.01(a), and a duly certified or executed copy of each such amendment shall be filed with the Registrar.

## **ARTICLE EIGHTEEN**

### **CONTINUING DISCLOSURE UNDERTAKING**

**Section 18.01. CONTINUING DISCLOSURE UNDERTAKING.** (a) Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

"*Financial Obligation*" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with Rule.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Rule*" means SEC Rule 15c2-12, as amended from time to time.

"*SEC*" means the United States Securities and Exchange Commission.

(b) Annual Reports. The District shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of any fiscal year, financial information and operating data with respect to the District of the general type included in the tables in the final Official Statement authorized by Section 15.03 of this Bond Order, being the information in the tables described in Exhibit "B" hereto. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described in the tables in Exhibit "B" hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District shall provide unaudited financial statements within such 12-month period, and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

If the District changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet web site or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notice. The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the District;
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake 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 District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, 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 a Financial Obligation of the District, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is

considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar office for the District 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 District, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers of the District in possession but subject to the supervision and order 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 District, and (b) the District intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this subsection by the time required. All documents provided to the MSRB pursuant to this subsection shall be accompanied by identifying information as prescribed by the MSRB.

(d) Limitations, Disclaimers, and Amendments. The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the District in any event will give notice of any deposit made in accordance with Section 13.01 of this Bond Order that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall comprise a breach of or default under this Bond Order for purposes of any other provision of this Bond Order.

Should the Rule be amended to obligate the District to make filings with or provide notices to entities other than the MSRB, the District hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time 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 District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Bond Order that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the District so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

(e) Format, Identifying Information, and Incorporation by Reference. All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB.

Financial information and operating data to be provided pursuant to Subsection (b) of this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the SEC.

## **ARTICLE NINETEEN** **OTHER ACTIONS**

**SECTION 19.01.**     **OTHER ACTIONS.** The President or Vice President and Secretary of the Board of Directors of the District, the General Manager and all other officers, employees and agents of the District, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all instruments as may be necessary or desirable in order to carry out the terms and provisions of this Bond Order, the Bonds, the sale of the Bonds and the Official Statement. In addition, prior to the initial delivery of the Bonds, President, Vice President or Treasurer and Secretary or Assistant Secretary of the Board of Directors of the District, the District's Attorney and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Bond Order or to any of the instruments authorized and approved by this Bond Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Bond Order and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy requirements of the bond insurer, if any, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

**ARTICLE TWENTY**  
**PAYMENT OF THE ATTORNEY GENERAL FEE**

**SECTION 20.01.**     **PAYMENT OF ATTORNEY GENERAL FEE.** The District hereby authorizes the disbursement of a check equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code. The appropriate member of the District's staff is hereby instructed to take the necessary measures to make this payment. The District is also authorized to reimburse the appropriate District funds for such payment from proceeds of the Bonds.



**EXHIBIT "A"**  
**PAYING AGENT/REGISTRAR AGREEMENT**

[See Separate Tab of Transcript]

## **EXHIBIT "B"**

### **CONTINUING DISCLOSURE**

Quantitative financial information and operating data with respect to the District of the general type included in the Official Statement under the headings "DISTRICT DEBT" (except Estimated Overlapping Debt), "TAX DATA," "THE SYSTEM – Water and Wastewater Operations," "WATERWORKS AND SEWER SYSTEM OPERATION STATEMENT" and "APPENDIX A" at the time and in the manner set forth in Section 18.01(a) of this Order.

#### **Accounting Principles**

The accounting and reporting policies of the District relating to the funds and account groups will conform to generally accepted accounting principles (GAAP) as applied to governmental entities.

## **PAYING AGENT/REGISTRAR AGREEMENT**

**THIS AGREEMENT** entered into as of July 2, 2020 (this "Agreement"), by and between the Brushy Creek Municipal Utility District (the "Issuer"), and Wells Fargo Bank, N.A., a banking association duly organized and existing under the laws of the United States of America (the "Bank").

### **RECITALS**

**WHEREAS**, the Issuer has duly authorized and provided for the issuance of its Unlimited Tax Bonds, Series 2020 in the aggregate principal amount of \$2,100,000 (the "Securities"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

**WHEREAS**, the Securities are scheduled to be delivered to the initial purchasers thereof on or about July 2, 2020; and

**WHEREAS**, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

**WHEREAS**, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities.

**NOW, THEREFORE**, it is mutually agreed as follows:

### **ARTICLE ONE** **APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR**

#### **Section 1.01. Appointment.**

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

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

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

**Section 1.02. Compensation.**

As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

**ARTICLE TWO  
DEFINITIONS**

**Section 2.01. Definitions.**

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Bank Office" means the principal corporate trust office of the Bank as indicated on the signature page hereof, except that the payment and registration duties of the Bank will be performed from the Bank's principal corporate trust office located in Dallas, Texas. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Bond Order" and "Order" means the order, ordinance or resolution of the governing body of the Issuer pursuant to which the Securities are issued, certified by the President and Secretary of the Board of Directors of the Issuer or any other officer of the Issuer and delivered to the Bank.

"Fiscal Year" means the fiscal year of the Issuer.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Issuer Request" and "Issuer Order" means a written request or order signed in the name of the Issuer by the President of the Board of Directors of the Issuer, any one or more of said officials, delivered to the Bank.

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

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Bond Order).

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for such redemption pursuant to the terms of the Bond Order.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Bond Order the principal of a Security is scheduled to be due and payable.

**Section 2.02. Other Definitions.**

The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

**ARTICLE THREE**  
**PAYING AGENT**

**Section 3.01. Duties of Paying Agent.** As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity or Redemption Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first class postage prepaid, on each payment date, to the

Holders of the Securities (or their Predecessor Securities) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

**Section 3.02. Payment Dates.**

The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Bond Order. The Issuer agrees to transfer or cause to be transferred to the Bank by no later than 2:00 p.m. Central Time on the business day immediately preceding the payment dates, immediately available funds in the amounts sufficient to pay principal, premium (if any), and/or interest when due.

**ARTICLE FOUR  
REGISTRAR**

**Section 4.01. Security Register - Transfers and Exchanges.**

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Paying Agent duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be canceled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

**Section 4.02. Certificates.**

At any time when the Securities are not subject to a book-entry-only system of registration and transfer, the Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

**Section 4.03. Form of Security Register.**

The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

**Section 4.04. List of Security Holders.**

The Bank will provide the Issuer at any time requested in writing by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

**Section 4.05. Return of Canceled Certificates.**

The Bank will, at such intervals as it determines, cancel and destroy, pursuant to the Securities Exchange Act of 1934, all bonds in lieu of which or in exchange for which other Bonds have been issued, or which have been paid. The Paying Agent shall retain and destroy canceled and matured Bonds upon expiration of the appropriate retention period.

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

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

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

**Section 4.07. Transaction Information to Issuer.**

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

**ARTICLE FIVE  
THE BANK**

**Section 5.01. Duties of Bank.**

The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

The bank is also authorized to transfer funds relating to the closing and initial delivery of the securities in the manner disclosed in the closing memorandum approved by the Issuer as prepared by the Issuer's financial advisor or other agent. The Bank may act on a facsimile transmission of the closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor of the Issuer.

Notwithstanding any other provision contained herein, the Bank is acting solely as agent of the Issuer and does not assume any obligation or relationship with any Holder.



**Section 5.02. Reliance on Documents, Etc.**

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

**Section 5.03. Recitals of Issuer.**

The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

**Section 5.04. May Hold Securities.**

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

**Section 5.05. Moneys Held by Bank.**

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a fiduciary capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

**Section 5.06. Indemnification.**

To the extent permitted by law, the Issuer agrees to indemnify the Bank (including its directors, officers and employees) for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. The foregoing indemnities in this paragraph shall survive the resignation or removal of the Paying Agent/Registrar and the termination of this Agreement.

**Section 5.07. Interpleader.**

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State Court located in the State of Texas and County where either the Bank Office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill

of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

**Section 5.08. Depository Trust Company Services.**

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective August 1, 1987, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

**Section 5.09. Reporting Requirements.**

To the extent required by the Internal Revenue Code of 1986 and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto, the Bank shall report, or assure that a report is made to the Holder and the Internal Revenue Service, any amount of acquisition premium, interest paid on, original issue discount or adjusted basis of the Security.

**ARTICLE SIX  
MISCELLANEOUS PROVISIONS**

**Section 6.01. Amendment.**

This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

**Section 6.02. Assignment.**

This Agreement may not be assigned by either party without the prior written consent of the other.

**Section 6.03. Notices.**

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

**Section 6.04. Effect of Headings.**

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

**Section 6.05. Successors and Assigns.**

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not. Any corporation or association into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Paying Agent/Registrar/Depository hereunder and vested with all of the powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything hereinto to the contrary notwithstanding.

**Section 6.06. Severability.**

In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 6.07. Benefits of Agreement.**

Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

**Section 6.08. Entire Agreement.**

This Agreement and the Bond Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Bond Order, the Bond Order shall govern.

**Section 6.09. Counterparts.**

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

**Section 6.10. Termination.**

This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not

occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

**Section 6.11. Governing Law.**

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

**Section 6.12. Anti-Boycott.**

The Bank represents and warrants, for purposes of Chapter 2271 of the Texas Government Code, that at the time of execution and delivery of this Agreement, neither the Bank, nor any parent company, wholly- or majority-owned subsidiaries or affiliates of the same, if any, boycotts Israel or will boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycotts Israel" and "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Bank understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

**Section 6.13. Terrorist Organizations.**

The Bank represents that, neither the Bank, nor any parent company, wholly- or majority-owned subsidiaries nor affiliates of the same, if any, are companies identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudanlist.pdf>

<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>

<https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the

Bank and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Bank understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Bank and exists to make a profit.

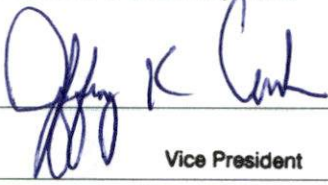
**BRUSHY CREEK MUNICIPAL UTILITY  
DISTRICT**

By: Donna S. Parker

Address:  
16318 Great Oaks Drive  
Round Rock, Texas 78681

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

**WELLS FARGO BANK, N.A.**

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

Title:  **Vice President** \_\_\_\_\_

Address:  
Wells Fargo Bank, N.A.  
600 S. 4<sup>th</sup> Street, 6<sup>th</sup> Floor  
MAC N9300-060  
Minneapolis, Minnesota 55415



**SCHEDULE A**

**Paying Agent/Registrar Fee Schedule**

## Schedule of Fees

To provide registrar and paying agent services

Brushy Creek Municipal Utility District  
Unlimited Tax Bonds, Series 2020

### Account Acceptance Fee (per series)

\$1,000.00

A one-time fee for acting in the capacity of paying agent and registrar. This includes review of the paying agent and registrar agreement and other required documents, acceptance of the appointment, establishment of the registrar records and account records, authentication and delivery of bonds and coordination of closing. The acceptance fee is payable at the time of paying agent or registrar agreement execution.

### Paying Agent Annual Administration Fee (per series)

\$1,000.00

Annual fee for ordinary administration services provided by the paying agent or registrar. This includes daily routine account management, maintenance of registered bondholder accounts, responding to bondholder inquiries, and processing debt service payments. The annual administration fees are payable in advance, with the first installment due at closing.

### Out-of-Pocket Expenses

At cost

Out-of-pocket expenses will be billed at cost at the sole discretion of Wells Fargo.

These costs may include, but are not limited to, counsel fees and expenses, accountant's fees and expenses, DTC fees, UCC filing fees, wire transfer fees, and transaction fees to settle third party trades.

### Extraordinary Services

Standard rate

The charges for performing services not contemplated at the time of execution of the governing documents or not specifically covered elsewhere in this schedule will be at Wells Fargo's rates for such services in effect at the time expense is incurred. The review of complex tax forms, including by way of example but not limited to IRS Form W-8IMY, shall be considered extraordinary services.

These services may include, but are not limited to, tax reporting, establishment and administration of trust accounts, express mail and messenger charges, travel expenses to attend closings or other meetings, tender agent services, changes to documents, interim bond calls, rate mode changes, conversions or de-conversions of the account records, default administration and the publication of redemption notices. This proposal is based on the assumption of a book entry only issuance closing at DTC. If the bonds are to be settled in an alternate form of issuance, we will provide an adjusted fee schedule.

## Assumptions

This fee schedule is based upon the below assumptions which pertain to the responsibilities and risks involved in Wells Fargo undertaking the role of paying agent or registrar.

- Bond form: Book entry / DTC
- Number of series: One (1)
- Interest rate: Fixed
- Frequency of interest payments to holders: Semi-annually
- Frequency of principal payments to holders: Not more than annually
- Fees do not include cost of issuance / depository services
- Fees quoted assume all transaction account balances will be held invested in money market mutual funds currently available on Wells Fargo's sweep platform.
- Wells Fargo reserves the right in its sole discretion to impose a deposit sweep fee on the average balance in the account(s) over the preceding month. This balance will be calculated on interest bearing deposits and non-interest bearing deposits held with Wells Fargo Bank, N.A. subject to contractual arrangements.

## Terms and Conditions

- The recipient acknowledges and agrees that this proposal does not commit or bind Wells Fargo to enter into a contract or any other business arrangement, and that acceptance of the appointment described in this proposal is expressly conditioned on all the following:
  - Compliance with the requirements of the USA Patriot Act of 2001, described below
  - Satisfactory completion of Wells Fargo's internal account acceptance procedures
  - Wells Fargo's review of all applicable governing documents and its confirmation that all terms and conditions pertaining to its role are satisfactory to it
  - Execution of the governing documents by all applicable parties
- Should this transaction fail to close or if Wells Fargo determines not to participate in the transaction, any acceptance fee and any legal fees and expenses shall be due and payable.
- Legal counsel fees and expenses, any acceptance fee and any first year annual administrative fee are payable at closing.
- Any annual fee covers a full year or any part thereof and will not be prorated or refunded in a year of early termination.
- Should any of the assumptions, duties or responsibilities of Wells Fargo change, Wells Fargo reserves the right to affirm, modify or rescind this proposal.
- The fees described in this proposal are subject to periodic review and adjustment by Wells Fargo.
- Invoices outstanding for over 30 days are subject to a 1.5% per month late payment penalty.
- This fee proposal is good for 90 days.
- Wells Fargo is acting as an indenture trustee or in a similar capacity, and as such, Wells Fargo shall not provide advice with respect to the investment of the proceeds from municipal securities or municipal escrow transactions. Furthermore, in its capacity as indenture trustee, in the event Wells Fargo does provide any service that may be deemed as advice, it is doing so pursuant to and in reliance on the bank exemption under the municipal advisor rules of the Securities and Exchange Commission.

## Important Information about Identifying Our Customers

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person (individual, corporation, partnership, trust, estate, or other entity recognized as a legal person) for whom we open an account.

What this means for you: Before we open an account, Wells Fargo asks for your name, address, date of birth (for individuals), TIN or EIN or other information that allows for identification of you or your company. For individuals, this could mean providing a Social Security number. For a corporation, partnership, trust, estate, or other entity recognized as a legal person, this could mean identifying documents such as a Certificate of Formation from the issuing state agency.

## Statement of Confidentiality

All of the information contained in or related to this fee proposal is confidential and proprietary to Wells Fargo (the "Confidential Information"). The recipient(s) of any Confidential Information acknowledges and agrees that such information shall be held in strict confidence and shall not be disclosed, duplicated, or used, in whole or in part, for any purpose other than the evaluation of Wells Fargo's qualifications for the applicable role(s) described without the prior written consent of Wells Fargo.

## Contact Information

Jeff Carlson  
Wells Fargo Bank, N.A.  
600 South 4<sup>th</sup> Street, 6<sup>th</sup> Floor  
Minneapolis, MN 55415  
Phone: (612) 667-4802  
Email: [jeffrey.k.carlson@wellsfargo.com](mailto:jeffrey.k.carlson@wellsfargo.com)

Acknowledged by:

Brushy Creek Municipal Utility District

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Signature

---

Printed name

---

Title

---

Date

**CERTIFICATE FOR RESOLUTION**

**THE STATE OF TEXAS** §  
**COUNTY OF WILLIAMSON** §  
**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT** §

We, the undersigned officers of the Board of Directors of Brushy Creek Municipal Utility District (the "District") hereby certify as follows:

1. The District convened in a SPECIAL MEETING ON THE 14TH DAY OF MAY 14, 2020, at the designated meeting place, and roll was called of the duly constituted officers and members of the District, to wit:

Donna B. Parker, President  
Shean R. Dalton, Vice President  
Kim Filiatrault, Secretary  
Rebecca B. Tullos, Treasurer,  
Michael Tucker, Assistant Secretary/Treasurer

and all of said persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

**RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT  
AND AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL  
STATEMENT AND PUBLICATION OF NOTICE OF SALE**

was duly introduced for the consideration of the District. It was then duly moved and seconded that the Resolution be passed; and, after due discussion, the motion, carrying with it the passage of the Resolution, prevailed and carried by the following vote:

AYES:       5  
NOES:       0

2. A true, full and correct copy of the aforesaid Resolution passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Resolution has been duly recorded in the Board's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of the Meeting pertaining to the passage of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board as indicated therein; that each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that the Resolution would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; that the Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Government Code, as amended and Section 49.064, Texas Water Code, as amended.

**SIGNED AND SEALED** this 14<sup>th</sup> day of May, 2020.

  
Secretary, Board of Directors

  
President, Board of Directors

(SEAL)

**RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT  
AND AUTHORIZING DISTRIBUTION OF PRELIMINARY OFFICIAL  
STATEMENT AND PUBLICATION OF NOTICE OF SALE**

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**WHEREAS**, the Board of Directors of Brushy Creek Municipal Utility District (the "District") has authorized Robert W. Baird & Co. Incorporated, Houston, Texas, the District's Financial Advisor, to prepare a Preliminary Official Statement, Official Notice of Sale and Official Bid Form (collectively, the "Preliminary Official Statement") for the issuance of the District's Unlimited Tax Bonds, Series 2020 (the "Bonds"); and

**WHEREAS**, the Board has reviewed the Preliminary Official Statement; and

**WHEREAS**, the Board deems it appropriate to approve the Preliminary Official Statement and authorize the distribution of the Preliminary Official Statement and publication of the Notice of Sale, as further set forth below.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF BRUSHY CREEK MUNICIPAL UTILITY DISTRICT THAT:**

**Section 1. APPROVAL AND DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT.** The Board hereby approves the Preliminary Official Statement substantially in the form attached hereto as Exhibit "A" with such changes, additions, or deletions as directed by the Board. The District's Financial Advisor is hereby authorized and directed to distribute the Preliminary Official Statement to potential purchasers of the Bonds and to do all things necessary to market the Bonds including applying for bond insurance and ratings.

**Section 2. PUBLICATION OF NOTICE OF SALE.** The District's Bond Counsel, McCall, Parkhurst & Horton L.L.P. is hereby authorized to publish a Notice of Sale of the Bonds in substantially the form attached hereto as Exhibit "B" with such changes as approved by the District's Financial Advisor and General Counsel to the District.

**Section 3. CONDITIONS TO SALE.** The District's Financial Advisor, General Counsel and Bond Counsel are hereby authorized to take all actions necessary in connection with Sections 1 and 2 of this Resolution including completing the date and time set forth in Exhibit "B" attached hereto.

**Section 4. OTHER MATTERS.** The President or Vice President and the Secretary and Assistant Secretary of the Board are authorized to do all things proper and necessary to carry out the intent hereof, including the approval of appropriate changes to the Preliminary Official Statement and the Notice of Sale, if necessary. In particular, the President or Vice President is authorized to execute any rating agency applications and any bond insurance commitment letter, if applicable.

**Section 5. PAYMENT OF ATTORNEY GENERAL FEE.** The District hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of each series of the Bonds or (ii) \$9,500 per series, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004 of the Texas Government Code for each series of Bonds. The appropriate member of the District's staff is hereby instructed to take the necessary measures to make this payment. The District is also authorized to reimburse the appropriate District funds for such payment from proceeds of the Bonds.



**EXHIBIT "A"**

Preliminary Official Statement

[See Separate Tab of Transcript]

## EXHIBIT "B"

**NOTICE OF SALE**  
**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**  
**UNLIMITED TAX BONDS, SERIES 2020**  
**(A political subdivision of the State of Texas**  
**located in Williamson County, Texas)**  
**\$2,100,000**

**Selling: Thursday, June 11, 2020 at 6:00 p.m., CDT**  
**Bids Due 1:00 p.m., CDT**

**Place and Time of Sale:** The District will consider awarding the sale of the Bonds on Thursday, June 11, 2020 at 6:00 p.m., CDT, at the designated meeting place inside the boundaries of the District, at 16318 Great Oaks Drive, Round Rock, Texas 78681-5685. Action will be taken immediately by the Board of Directors of the District to accept or reject the best bid. Each bidder must deliver a good faith deposit in the amount of \$42,000 via wire transfer to the District or a cashier's check payable to the order of Brushy Creek Municipal Utility District to Robert W. Baird & Co. Inc., 1331 Lamar, Suite 1360, Houston, Texas 77010 by 1:00 p.m., CDT on the date of the sale.

**Address of the Bids/Bids Delivered in Person:** Written sealed bids, plainly marked "Bid for Bonds" should be addressed to the Board of Directors of Brushy Creek Municipal Utility District, and if delivered in person, delivered to Jan Bartholomew, Robert W. Baird & Co. Inc., 1331 Lamar, Suite 1360, Houston, Texas 77010, by 1:00 p.m., CDT, on Thursday, June 11, 2020. All bids must be signed and submitted on the "Official Bid Form."

**Electronic Bidding Procedures:** Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 1:00 p.m., CDT, on Thursday, June 11, 2020 as described in the "Official Notice of Sale." Subscription to i-Deal's BIDCOMP Competitive Bidding System ("BIDCOMP") is required in order to submit an electronic bid through PARITY.

**Bids by Telephone:** Telephone bids will be accepted at (713) 230-6121 prior to 1:00 p.m., CDT on the date of the sale. Prior to 1:00 P.M., Central Time, on Thursday, June 11, 2020, bidders must submit two (2) signed Official Bid Forms, executed by an authorized representative of the bidder, to Robert W. Baird & Co. Incorporated, Attn: Jan Bartholomew, 1331 Lamar Street, Suite 1360, Houston, Texas 77010. Bidders who have provided signed bid forms may thereafter submit bids by telephone on the date of sale by 1:00 P.M., Central Time.

**Information:** The Bonds are more completely described in the "Official Notice of Sale," "Official Bid Form" and the "Preliminary Official Statement" which may be obtained from Robert W. Baird & Co. Inc., 1331 Lamar, Suite 1360, Houston, Texas 77010, Financial Advisor to the District. The bidder whose bid is the winning bid in accordance with the Notice of Sale will be notified immediately and must submit a SIGNED Official Bid Form in connection with the sale by 1:00 p.m., CDT on Thursday, June 11, 2020, to Jan Bartholomew, Robert W. Baird & Co. Inc. Additionally, pursuant to Texas Government Code Section 2252.908, the District may not award the Bonds to the winning bidder unless the bidder either (i) submits a Certificate of Interested Parties Form 1295 (the "TEC Form 1295"), as prescribed by the Texas Ethics Commission, to the District, before the Board of Directors of the District formally votes to award the Bonds to the winning bidder, or (ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or wholly owned subsidiary of a publicly traded business entity, in accordance with the "Official Notice of Sale."

The District reserves the right to reject any or all bids for the Bonds and to waive any and all irregularities except time of filing. This notice does not constitute an offer to sell the Bonds but is merely notice of sale of the Bonds as required by law. The offer to sell the Bonds will be made only by means of the "Official Notice of Sale," the "Preliminary Official Statement" and the "Official Bid Form."

Board of Directors  
Brushy Creek Municipal Utility District

**AFFIDAVIT OF PUBLICATION**

**THE STATE OF TEXAS  
COUNTY OF WILLIAMSON  
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

**BEFORE ME**, a Notary Public in and for the State of Texas, on this day personally appeared the person whose name is subscribed below, who, having been duly sworn, says upon oath that he or she is a duly authorized officer or employee of the *Williamson County Sun*, which is a newspaper as defined in Section 2051.044, Government Code, as amended, and which is of general circulation in the District; and that a true and correct copy of the **NOTICE OF SALE**, a clipping of which is attached to this affidavit, was published in said Newspaper on **Sunday, May 31, 2020**.

Ellen Greenay  
Authorized Officer or Employee

**SUBSCRIBED AND SWORN TO BEFORE ME** on the 8<sup>th</sup> day of June, 2020.

(SEAL)



Dawn Steele  
Notary Public

## Legal Notices

**NOTICE OF SALE  
BRUSHY CREEK  
MUNICIPAL UTILITY  
DISTRICT  
UNLIMITED TAX BONDS,  
SERIES 2020**  
(A political subdivision of  
the State of Texas  
located in Williamson  
County, Texas)  
**\$2,100,000**

**Selling: Thursday, June 11,  
2020 at 6:00 p.m., CDT**  
**Bids Due 1:00 p.m., CDT**  
**Place and Time of Sale:** The  
District will consider awarding  
the sale of the Bonds on  
Thursday, June 11, 2020 at  
8:00 p.m., CDT, at the des-  
ignated meeting place inside  
the boundaries of the District,  
at 16318 Great Oaks Drive,  
Round Rock, Texas 78681-  
5685. Action will be taken im-  
mediately by the Board of Di-  
rectors of the District to ac-  
cept or reject the best bid.  
Each bidder must deliver a  
good faith deposit in the  
amount of \$42,000 via wire  
transfer to the District or a  
cashier's check payable to  
the order of Brushy Creek  
Municipal Utility District to  
Robert W. Baird & Co. Inc.,  
1331 Lamar, Suite 1360,  
Houston, Texas 77010 by  
1:00 p.m., CDT on the date of  
the sale.

**Address of the Bids/Bids De-  
livered in Person:** Written  
sealed bids, plainly marked  
"Bid for Bonds" should be ad-  
dressed to the Board of Di-  
rectors of Brushy Creek Mu-  
nicipal Utility District, and if  
delivered in person, delivered  
to Jan Bartholomew, Robert  
W. Baird & Co. Inc., 1331  
Lamar, Suite 1360, Houston,  
Texas 77010, by 1:00 p.m.,  
CDT, on Thursday, June 11,  
2020. All bids must be signed  
and submitted on the "Official  
Bid Form."

**Electronic Bidding Proce-  
dures:** Any prospective bid-  
der that intends to submit an  
electronic bid must submit its  
electronic bid through the fa-  
cilities of PARITY by 1:00  
p.m., CDT, on Thursday,  
June 11, 2020 as described  
in the "Official Notice of  
Sale." Subscription to i-Deal's  
BIDCOMP Competitive Bid-  
ding System ("BIDCOMP") is  
required in order to submit an  
electronic bid through  
PARITY.

**Bids by Telephone:** Tele-  
phone bids will be accepted  
at (713) 230-6121 prior to  
1:00 p.m., CDT on the date of  
the sale. Prior to 1:00 P.M.,  
Central Time, on Thursday,  
June 11, 2020, bidders must  
submit two (2) signed Official  
Bid Forms, executed by an  
authorized representative of  
the bidder, to Robert W. Baird  
& Co. Incorporated, Attn: Jan  
Bartholomew, 1331 Lamar  
Street, Suite 1360, Houston,  
Texas 77010. Bidders who  
have provided signed bid  
forms may thereafter submit  
bids by telephone on the date  
of sale by 1:00 P.M., Central  
Time.

**Information:** The Bonds are  
*more completely described in*  
the "Official Notice of Sale,"  
"Official Bid Form" and the  
"Preliminary Official State-  
ment" which may be obtained

from Robert W. Baird & Co.  
Inc., 1331 Lamar, Suite 1360,  
Houston, Texas 77010, Fi-  
nancial Advisor to the Dis-  
trict. The bidder whose bid is  
the winning bid in accordance  
with the Notice of Sale will be  
notified immediately and  
must submit a SIGNED Offi-  
cial Bid Form in connection  
with the sale by 1:00 p.m.,  
CDT on Thursday, June 11,  
2020, to Jan Bartholomew,  
Robert W. Baird & Co. Inc.  
Additionally, pursuant to Tex-  
as Government Code Section  
2252.908, the District may  
not award the Bonds to the  
winning bidder unless the bid-  
der either (i) submits a Cer-  
tificate of Interested Parties  
Form 1295 (the "TEC Form  
1295"), as prescribed by the  
Texas Ethics Commission, to  
the District, before the Board  
of Directors of the District for-  
mally votes to award the  
Bonds to the winning bidder,  
or (ii) certifies in the Official  
Bid Form that it is exempt  
from filling the TEC Form  
1295 by virtue of being a pub-  
licly traded business entity or  
wholly owned subsidiary of a  
publicly traded business en-  
tity, in accordance with the  
"Official Notice of Sale."

The District reserves the right  
to reject any or all bids for the  
Bonds and to waive any and  
all irregularities except time  
of filing. This notice does not  
constitute an offer to sell the  
Bonds but is merely notice of  
sale of the Bonds as required  
by law. The offer to sell the  
Bonds will be made only by  
means of the "Official Notice  
of Sale," the "Preliminary Of-  
ficial Statement" and the  
"Official Bid Form."  
Board of Directors  
Brushy Creek Municipal  
Utility District

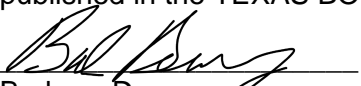


X  
THE STATE OF TEXAS X  
X  
X  
COUNTY OF TRAVIS X  
X

I, Barbara Dewey, editor of TEXAS BOND REPORTER, an official publication of Municipal Advisory Council of Texas, certify that the attached is a true and correct copy of

NOTICE OF SALE - BRUSHY CREEK MUD  
\$2,100,000 U/L Tax Bds Ser 2020

published in the TEXAS BOND REPORTER on the following date(s), to wit: May 29, 2020.

  
Barbara Dewey  
Editor, Texas Bond Reporter

**NOTICE OF SALE**  
**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**  
**UNLIMITED TAX BONDS, SERIES 2020**  
**(A political subdivision of the State of Texas**  
**located in Williamson County, Texas)**  
**\$2,100,000**

**Selling: Thursday, June 11, 2020 at 6:00 p.m., CDT**  
**Bids Due 1:00 p.m., CDT**

**Place and Time of Sale:** The District will consider awarding the sale of the Bonds on Thursday, June 11, 2020 at 6:00 p.m., CDT, at the designated meeting place inside the boundaries of the District, at 16318 Great Oaks Drive, Round Rock, Texas 78681-5685. Action will be taken immediately by the Board of Directors of the District to accept or reject the best bid. Each bidder must deliver a good faith deposit in the amount of \$42,000 via wire transfer to the District or a cashier's check payable to the order of Brushy Creek Municipal Utility District to Robert W. Baird & Co. Inc., 1331 Lamar, Suite 1360, Houston, Texas 77010 by 1:00 p.m., CDT on the date of the sale.

**Address of the Bids/Bids Delivered in Person:** Written sealed bids, plainly marked "Bid for Bonds" should be addressed to the Board of Directors of Brushy Creek Municipal Utility District, and if delivered in person, delivered to Jan Bartholomew, Robert W. Baird & Co. Inc., 1331 Lamar, Suite 1360, Houston, Texas 77010, by 1:00 p.m., CDT, on Thursday, June 11, 2020. All bids must be signed and submitted on the "Official Bid Form."

**Electronic Bidding Procedures:** Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY by 1:00 p.m., CDT, on Thursday, June 11, 2020 as described in the "Official Notice of Sale." Subscription to i-Deal's BIDCOMP Competitive Bidding System ("BIDCOMP") is required in order to submit an electronic bid through PARITY.

**Bids by Telephone:** Telephone bids will be accepted at (713) 230-6121 prior to 1:00 p.m., CDT on the date of the sale. Prior to 1:00 P.M., Central Time, on Thursday, June 11, 2020, bidders must submit two (2) signed Official Bid Forms, executed by an authorized representative of the bidder, to Robert W. Baird & Co. Incorporated, Attn: Jan Bartholomew, 1331 Lamar Street, Suite 1360, Houston, Texas 77010. Bidders who have provided signed bid forms may thereafter submit bids by telephone on the date of sale by 1:00 P.M., Central Time.

**Information:** The Bonds are more completely described in the "Official Notice of Sale," "Official Bid Form" and the "Preliminary Official Statement" which may be obtained from Robert W. Baird & Co. Inc., 1331 Lamar, Suite 1360, Houston, Texas 77010, Financial Advisor to the District. The bidder whose bid is the winning bid in accordance with the Notice of Sale will be notified immediately and must submit a SIGNED Official Bid Form in connection with the sale by 1:00 p.m., CDT on Thursday, June 11, 2020, to Jan Bartholomew, Robert W. Baird & Co. Inc. Additionally, pursuant to Texas Government Code Section 2252.908, the District may not award the Bonds to the winning bidder unless the bidder either (i) submits a Certificate of Interested Parties Form 1295 (the "TEC Form 1295"), as prescribed by the Texas Ethics Commission, to the District, before the Board of Directors of the District formally votes to award the Bonds to the winning bidder, or (ii) certifies in the Official Bid Form that it is exempt from filing the TEC Form 1295 by virtue of being a publicly traded business entity or wholly owned subsidiary of a publicly traded business entity, in accordance with the "Official Notice of Sale."

The District reserves the right to reject any or all bids for the Bonds and to waive any and all irregularities except time of filing. This notice does not constitute an offer to sell the Bonds but is merely notice of sale of the Bonds as required by law. The offer to sell the Bonds will be made only by means of the "Official Notice of Sale," the "Preliminary Official Statement" and the "Official Bid Form."

Board of Directors  
Brushy Creek Municipal Utility District

LEGAL NOTICE

**GENERAL AND NO-LITIGATION CERTIFICATE**

**THE STATE OF TEXAS**  
**COUNTY OF WILLIAMSON**  
**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

§  
§  
§

We, the undersigned President and Secretary, respectively, of the Board of Directors of the District, hereby certify as follows:

**GENERAL**

1. This certificate is executed for and on behalf of the District, for the benefit of the Attorney General of the State of Texas and for the benefit of the Initial Purchaser in connection with the issuance of the Bonds. The words and terms used herein shall have the meanings whenever they are used given in Exhibit "A" attached hereto.

2. Any certificate signed by an official of the District delivered to the Initial Purchaser or the Attorney General of the State of Texas shall be deemed a representation and warranty by the District as to the statements made therein. The Public Finance Division of the Office of the Attorney General of the State of Texas is hereby authorized to date this certificate as of the date of approval of the Bonds and is entitled to rely upon the accuracy of the information contained herein unless notified by telephone or fax to the contrary. The Comptroller of Public Accounts is further authorized to register the Bonds upon receipt of the Attorney General approval. After registration, the Bonds, opinions and registration papers shall be delivered to Jacqueline E. Hale at McCall, Parkhurst & Horton L.L.P.

**MATTERS RELATING TO THE DISTRICT**

3. We officially executed and signed the Bonds with our manual signatures or by causing facsimiles of our manual signatures to be imprinted or copied on each of the Bonds, and, if appropriate, we hereby adopt said facsimile signatures as our own, respectively, and declare that the facsimile signatures constitute our signatures the same as if we had manually signed each of the Bonds.

4. The Bonds are substantially in the form, and have been duly executed and signed in the manner prescribed in the Bond Order.

5. At the time we so executed and signed the Bonds we were, and at the time of executing this certificate we are, the duly chosen, qualified and acting officers indicated therein, and authorized to execute the same.

6. No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provision made for their payment or



security, or in any manner questioning the proceedings or authority concerning the issuance of the Bonds, and that so far as we know and believe no such litigation is threatened.

7. Neither the corporate existence nor boundaries of the District is being contested, no litigation has been filed or is now pending which would affect the authority of the officers of the District to issue, execute, sign, and deliver the Bonds, and no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

8. We have caused the official seal of the District to be impressed, or printed, or copied on the Bonds and said seal on the Bonds has been duly adopted as, and is hereby declared to be, the official seal of the District.

9. The District is a conservation and reclamation district operating and existing as a municipal utility district under the provisions of Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54, Texas Water Code, as amended.

10. The following individuals are presently the duly elected or appointed and qualified directors and officers of the District holding offices opposite their names as indicated below.

Donna B. Parker, President  
Kim Filiatrault, Secretary  
Rebecca B. Tullos, Treasurer,  
Michael Tucker, Vice-President, Assistant Secretary/Treasurer  
Shean Dalton, Director

11. Each member of the Board of Directors of the District has duly qualified as a member of the Board of Directors by executing the sworn statement (when required), by executing the bond required by law, and by taking the official oath of office prescribed by the Constitution for public officers, each such bond was duly approved by the Board of Directors of the District, and each such bond, sworn statement and oath are filed and retained in the District's records and with the Secretary of State. The officers and members of the District's Board of Directors have not changed since the issuance of the District's Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Bonds").

12. Other than the Bonds, the District has the below outstanding indebtedness payable from taxes:

Unlimited Tax Refunding Bonds, Series 2012	\$ 660,000
Unlimited Tax Refunding Bonds, Series 2013	\$ 5,980,000
Unlimited Tax Refunding Bonds, Series 2019	\$ 6,605,000
Unlimited Tax Refunding Bonds, Series 2020	\$ 8,140,000

13. A District Information Form and amendments thereto have been filed as required by Section 49.455, Texas Water Code and as of the date of this Certificate, all information required by law to be filed by the District with the Texas Commission on Environmental Quality has been

filed. Based upon our actual knowledge, the District is currently in compliance with all regulations of the Texas Commission on Environmental Quality.

14. All meetings of the Board have been open to the public and notice of the time, place, and subject of each such meeting was given as required by Chapter 551, Texas Government Code, as amended, and Chapter 49, Texas Water Code, as amended.

15. The District has complied with the provisions of the Texas Election Code and the Federal Voting Rights Act in all its elections.

16. The District has not defaulted in the performance of any of the covenants or other conditions in the Bond Order or the orders authorizing the Refunded Bonds.

19. The ad valorem tax roll approved by the District for 2019 is \$2,810,299,522 (which is net of all applicable exemptions).

19. The District lies within the extraterritorial jurisdiction of the City of Round Rock and the District is not a party to any consent agreement with the City.

20. The boundaries of the District have not changed or been modified in any manner since the issuance of the District's Unlimited Tax Refunding Bonds, Series 2020.

21. No motion to overturn the actions of the Commission's executive director approving the issuance of the Bonds has been filed pursuant to Commission Rule 50.139 within 23 days of the date that such approval was mailed to the District. Additionally, the District has not been notified that the Commission or its general counsel has extended the period of time to file such a motion to overturn.

22. Lawfully available funds are hereby appropriated and confirmed to be available to pay interest and principal due on the Bonds coming due on December 1, 2020.

23. The Board has received all required disclosure filings under Section 2252.908 of the Texas Government Code in connection with the authorization and issuance of the Bonds and has acknowledged receipt of such filings with the Texas Ethics Commission ("TEC") in accordance with TEC's rules.

24. The District verifies that, pursuant to Section 2271.002 of the Texas Government Code, that all contracts with a company (as such term is defined in Section 808.001 of the Texas Government Code) within the transcript of proceedings for the Bonds, includes a written verification that such company (1) does not "Boycott Israel" (as such term is defined in Section 808.001 of the Texas Government Code) and (2) will not Boycott Israel during the term of the such respective contract.

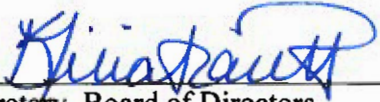
25. With respect to the contracts contained within the transcript of proceedings that are subject to Section 2252.152, Texas Government Code, the District has verified, as of the date of execution, none of the counter parties to those contracts are listed as scrutinized companies with business operations in Sudan or Iran or that engage in scrutinized business operations with foreign terrorist organizations, or are companies known to have contracts with or provide supplies or services to a "foreign terrorist organization" or "designated foreign terrorist organization" on the lists prepared and maintained pursuant to Texas Government Code Sections 2270.0201 or 2252.153.

26. The projects to be financed with the proceeds of the Bonds are within the scope of the November 6, 2001 bond election proposition relating to the financing of the long-term water supply for the District and are consistent with the engineer's report prepared in connection with the November 6, 2001 election, which covered the works, improvements, and facilities voted to provide the long-term water supply for properties inside and adjacent to the District.

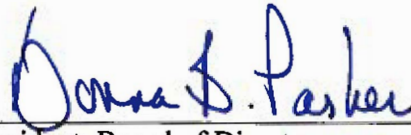
### **CLOSING MATTERS**

27. To our best knowledge and belief that (i) the representations and warranties of the District contained in the Bond Purchase Agreement are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation is pending or, to our knowledge, threatened in any court to restrain or enjoin the issuance or delivery of the Bonds, or the levy or collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity of the Bonds, the Bond Order, or the Bond Purchase Agreement, or contesting the powers of the District or contesting the authorization of the Bonds or the Bond Order, or contesting in any way the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement (but in lieu of or in conjunction with such certificate, the Unde may, in their sole discretion, accept certificates or opinions of counsel of the District that, in our opinion, the issues raised in any such pending or threatened litigation are without substance or that the contentions of all plaintiffs therein are without merit); (iii) the Bond Order has not been amended, modified, supplemented, or repealed since the date of the Bond Purchase Agreement, except as agreed to by the Initial Purchaser, and is in full force and effect; (iv) to the best of our knowledge, no event affecting the District has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect; and (v) there has not been any material and adverse change in the financial condition of the District since September 30, 2019, the latest date as to which audited financial information is available.

SIGNED this the 2nd day of July, 2020.



Secretary, Board of Directors



President, Board of Directors

**NOTARY ACKNOWLEDGMENT**

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

Given under my hand and seal of office this 11<sup>th</sup> day of June 2020



Notary Public

(Notary Seal)



Execution Page

## **EXHIBIT A**

### **Definitions**

<i>Bonds</i>	Brushy Creek Municipal Utility District Unlimited Tax Bonds, Series 2020 dated July 1, 2020 in the aggregate principal amount of \$2,100,000 (the "Series 2020 Bonds").
<i>District</i>	Brushy Creek Municipal Utility District.
<i>Initial Purchaser</i>	The winning bidder for the Series 2020 Bonds as shown on the bid form attached to this General and No-Litigation Certificate as <u>Exhibit "B"</u> .
<i>Order</i>	The order adopted by the Board of Directors of the District on June 11, 2020 authorizing the issuance of the Bonds.

**EXHIBIT B**

**Bid Form**

**OFFICIAL BID FORM**

June 11, 2020

President and Board of Directors  
 Brushy Creek Municipal Utility District  
 c/o Robert W. Baird & Co. Incorporated  
 Attn: Jan Bartholomew  
 1331 Lamar Street, Suite 1360  
 Houston, Texas 77010

**Board Members:**

We have read in detail the Official Notice of Sale and Preliminary Official Statement, which are hereby made a part hereof, of Brushy Creek Municipal Utility District (the "District") relating to its \$2,100,000 Unlimited Tax Bonds, Series 2020 (the "Bonds"). We realize that the Bonds involve certain investment risks and that the ability of the District to service the Bonds depends, in part, on the investment considerations set forth in the Preliminary Official Statement dated May 14, 2020. We have made such inspections and investigations as we deem necessary relating to the investment quality of the Bonds. Accordingly, we offer to purchase the Bonds for a cash price of \$2,088,566.00 (which represents 99.455524 % of the principal amount thereof), plus accrued interest to the date of delivery of the Bonds to us, provided such Bonds bear interest at the following rates:

Maturity (June 1)	Principal Amount	Interest Rate	Maturity (June 1)	Principal Amount	Interest Rate
2021	\$195,000	<u>1.000</u> %	2026(a)	\$140,000	<u>1.250</u> %
2022	195,000	<u>1.000</u> %	2027(a)	10,000	<u>1.500</u> %
2023	440,000	<u>1.000</u> %	2028(a)	*	*
2024	340,000	<u>1.000</u> %	2029(a)	645,000	<u>1.500</u> %
2025	135,000	<u>1.250</u> %			

(a) Subject to optional redemption and payment, at the option of the District, in whole or, from time to time, in part, on June 1, 2025, or on any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption.

We hereby designate the following as term bonds ("Term Bonds") with mandatory sinking redemptions.

Term Bond Maturity Date (June 1)	Year of First Mandatory Redemption	Principal Amount of Term Bonds	Interest Rate
_____	_____	\$ _____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %

Our calculation (which is not a part of this bid) of the interest cost from the above is:

Total Interest Cost from July 1, 2020.....	\$ <u>137,639.29</u>
Plus: Dollar Amount of Discount <u>OR</u> Less: Dollar Amount of Premium.....	\$ <u>11,434.00</u>
NET INTEREST COST .....	\$ <u>149,066.29</u>
NET EFFECTIVE INTEREST RATE .....	<u>1.422388</u> %

As a part of our bid, we agree to pay the premium of \$ 6,000 for the municipal bond guaranty insurance issued by RAM and the additional rating agency fee(s), if any, of \$ N/A.

We will require \_\_\_ copies of the final Official Statement for dissemination to potential purchasers of the Bonds (not to exceed 250 copies). By our submission of this bid, we agree to provide such copies of the final Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale, and to undertake the obligations of the Initial Purchaser described therein, as contemplated by Rule 15c2-12 of the United States Securities and Exchange Commission.

By executing this Official Bid Form, the undersigned hereby represents and certifies that the bidder [is] [is not] a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity for the purposes of Texas Government Code Section 2252.908. The undersigned acknowledges and understands that the District may not accept this bid until it has received from the bidder, if that bidder is a privately held business entity, a completed and signed Texas Ethics Commission Form 1295 complete with a certificate number assigned by the Texas Ethics Commission ("TEC"), pursuant to Texas Government Code § 2252.908 and the rules promulgated thereunder by the TEC. The undersigned understands that failure to provide said form complete with a certificate number assigned by the TEC as provided for in the Official Notice of Sale will result in a non-conforming bid and will prohibit the District from considering this bid for acceptance.

The initial Bonds shall be registered in the name of Cede & Co. We will advise DTC of registration instructions at least five business days prior to the date for Initial Delivery.

Cashier's Check No. \_\_\_\_\_, issued by \_\_\_\_\_, \_\_\_\_\_ Texas, and payable to your order in the amount of \$42,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as a Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions stated in the Official Notice of Sale, this check shall be cashed and the proceeds retained by the District as complete liquidated damages against the Initial Purchaser. The Good Faith Deposit will be returned to the Initial Purchaser uncashed on the date of delivery of the Bonds.

We agree to accept delivery of and make payment for the initial Bond in immediately available funds at the corporate trust office of Wells Fargo Bank, N.A., not later than 10:00 a.m., Central Time, on July 2, 2020, or thereafter, on the date the Bonds are tendered for delivery pursuant to the terms set forth in the Official Notice of Sale.

The undersigned agrees to complete, execute and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

We hereby represent that sale of the Bonds in jurisdictions other than Texas will be made only pursuant to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws and regulations of the jurisdictions in which the Bonds are offered or sold.

The bidder hereby verifies that, at the time of execution and delivery of this bid, neither the bidder nor any syndicate member listed on the Official Bid Form, nor any parent company, wholly- or majority- owned subsidiaries, and other affiliates of the same, if any, boycotts Israel or, to the extent this Official Bid Form is a contract for goods or services, will boycott Israel through the date of delivery of the Bonds. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycotts Israel" and "boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The bidder understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form and exists to make a profit.



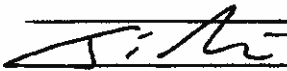
Additionally, by submission of a bid, and as a condition of the award and delivery of the Bonds, the bidder represents that, neither the bidder nor any syndicate member listed on the Official Bid Form, nor any parent company, wholly or majority-owned subsidiaries, and other affiliates of the same, if any, are companies identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

- <https://comptroller.texas.gov/purchasing/docs/sudanlist.pdf>;
- <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>; or
- <https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Texas or Federal law and excludes the bidder or any syndicate member listed on the Official Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the same, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The bidder understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the bidder or any syndicate member listed on the Official Bid Form and exists to make a profit.

Respectfully submitted,

BOK Financial Securities

By: 

Authorized Representative

**ACCEPTANCE CLAUSE**

The above and foregoing bid is hereby in all things accepted by Brushy Creek Municipal Utility District this 11<sup>th</sup> day of June, 2020.

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

  
\_\_\_\_\_  
President, Board of Directors

Return of \$42,000 Good Faith Deposit is hereby acknowledged:

Firm: \_\_\_\_\_

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

Date: \_\_\_\_\_



Upcoming Calendar Overview Result Excel

**BOK Financial Securities, Inc. - Dallas , TX's Bid**



**Brushy Creek MUD  
\$2,100,000 Unlimited Tax Bonds, Series 2020**

For the aggregate principal amount of \$2,100,000.00, we will pay you \$2,088,566.00, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

Maturity Date	Amount \$	Coupon %	Bond Insurance
06/01/2021	195M	1.0000	BAM
06/01/2022	195M	1.0000	BAM
06/01/2023	440M	1.0000	BAM
06/01/2024	340M	1.0000	BAM
06/01/2025	135M	1.2500	BAM
06/01/2026	140M	1.2500	BAM
06/01/2027	10M	1.5000	BAM
06/01/2029	645M	1.5000	BAM

Total Interest Cost: \$137,632.29  
 Discount: \$11,434.00  
 Net Interest Cost: \$149,066.29  
 NIC: 1.422388  
 Total Insurance Premium: \$6,000.00  
 Time Last Bid Received On:06/11/2020 12:57:36 CDST

This proposal is made subject to all of the terms and conditions of the Official Bid Form, the Official Notice of Sale, and the Preliminary Official Statement, all of which are made a part hereof.

Bidder: BOK Financial Securities, Inc., Dallas , TX  
 Contact: Allen Mattson  
 Title:  
 Telephone:414-203-6558  
 Fax: 214-576-0870

Issuer Name: Brushy Creek Municipal Utility District Company Name: \_\_\_\_\_

Accepted By: Donna S. Parker Accepted By: \_\_\_\_\_

Date: 6-11-20 Date: \_\_\_\_\_



## FEDERAL TAX CERTIFICATE

### 1. In General.

1.1. The undersigned is an authorized representative of the Brushy Creek Municipal Utility District (the "Issuer").

1.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Unlimited Tax Bonds, Series 2020 (the "Bonds"). The Bonds are being issued pursuant to an Order of the Issuer and a Pricing Certificate, each duly adopted by the Issuer (collectively, the "Order"). The Order is incorporated herein by reference.

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

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

1.5. The undersigned is not aware of any facts or circumstances that would cause him to question the accuracy of the representations made by the Purchaser in the Issue Price Certificate attached hereto as Exhibit "D", and by Robert W. Baird & Co. Incorporated (the "Financial Advisor") in Subsection 5.3 of this Certificate and with respect to the Schedules attached hereto as Exhibit "E" and the Certificate of Financial Advisor attached hereto as Exhibit "F".

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

2.1. The Bonds are being issued pursuant to the Order (a) to provide for the payment of costs of issuing the Bonds and (b) for (i) replacement of membrane modules; (ii) water treatment plant compressor replacements; and (iii) zebra mussel control and treatment improvements to raw water intake line from Lake Georgetown to the water treatment plant (the "Projects").

2.2. The Issuer expects that the aggregate useful lives of the Projects exceed 24 years from the later of the date the Projects are placed in service or the date on which the Bonds are issued.

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

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

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

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

3.3. All original proceeds derived from the sale of the Bonds to be applied to the Projects and all investment earnings thereon (other than any amounts required to be rebated to the United States pursuant to section 148(f) of the Code) will be expended for the Projects no later than a date which is three years after the date of issue of the Bonds.

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

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

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

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

3.8. Other than members of the general public, the Issuer expects that throughout the lesser of the term of the Bonds, or the useful lives of the Projects, the only user of the Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Projects. In no event will the proceeds of the Bonds or facilities financed therewith be used for private business use in an amount greater than \$15 million. The Issuer does not expect to enter into long-term sales of output from the Projects and sales of output will be made on the basis of generally-applicable and uniformly applied rates. The Issuer may apply different rates for different classes of customers, including volume purchasers, which are reasonable and customary.

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

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

#### 4. Yield.

4.1. As shown in the Schedules attached hereto as Exhibit "E", the Issuer elects to use the issue price of the Bonds included in the Form 8038-G, based on the Issue Price Certificate attached hereto. As described in the Certificate of Financial Advisor attached hereto as Exhibit "F", the sale of the Bonds constitutes a "competitive sale" within the meaning of section 1.148-1(f)(3)(i) of the Treasury Regulations, and as such the Issuer will determine the issue price of the Bonds based on the reasonably expected initial offering prices to the public on the sale date for each maturity of the Bonds.

4.2. The premium paid for bond insurance is solely for the transfer of credit risk for the payment of debt service on the Bonds. The Purchaser has represented, based on its experience, and the market conditions and other facts existing on the date of sale of the Bonds, that the present value of the premium paid for bond insurance for each obligation constituting the Bonds to which such premium is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Bonds. The premium has been paid to a person which is not a user or related to the user of any proceeds of the Bonds. In determining present value for this purpose, the yield of the Bonds (determined with regard to the payment of the guarantee fee) has been used as the discount rate.

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

#### 5. Debt Service Fund.

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

5.2. A portion of the funds on deposit in the Debt Service Fund, not otherwise used to pay debt service on the Bonds within thirteen months, will be held in trust for the benefit of the holders of the Bonds (the "Reserve Portion"). If on any interest payment or maturity date, sufficient amounts are not available to make debt service payments on the Bonds, the Issuer is required to use such money constituting the Reserve Portion in an amount sufficient to make such payments. The present value of the investments deposited to the Reserve Portion of the Debt Service Fund and allocable to the Bonds that will be invested at a yield higher than the yield on such bonds will not, as of any date, exceed an aggregate amount which equals the lesser of (a) 10 percent of the stated principal amount (or, in the case of a discount, the issue price) of the Bonds, (b) 1.25 of the average annual debt service on the Bonds, or (c) maximum annual debt service on the Bonds.

5.3. Based on the representation of the Financial Advisor, the amount on deposit in the Reserve Portion of the Debt Service Fund should be maintained as a balance allocable to the Bonds in the Debt Service Fund consistent with accepted standards of prudent fiscal management for similar governmental bodies and in order to provide a reserve against periodic fluctuations in the amount and timing of payment of ad valorem taxes to the Issuer.

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

6. Invested Sinking Fund Proceeds, Replacement Proceeds.

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

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

7. Other Obligations.

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

8. Federal Tax Audit Responsibilities.

The Issuer acknowledges that in the event of an examination by the Internal Revenue Service (the "Service") to determine compliance of the Bonds with the provisions of the Code as they relate to tax-exempt obligations, the Issuer will respond, and will direct its agents and assigns to respond, in a commercially reasonable manner to any inquiries from the Service in connection with such an examination. The Issuer understands and agrees that the examination may be subject to public disclosure under applicable Texas law. The Issuer acknowledges that this Certificate, including any attachments, does not constitute an opinion of Bond Counsel as to the proper federal tax or accounting treatment of any specific transaction.

9. Record Retention and Private Business Use.

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

10. Rebate to United States.

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

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**



DATED as of July 2, 2020.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

By: Shean Dalton

Name: Shean Dalton

Title: General Manager

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Subsection 5.3 of this Federal Tax Certificate and the Schedules attached hereto as Exhibit "E" are, as of July 2, 2020, accurate and complete. We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Bonds is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

ROBERT W. BAIRD & CO. INCORPORATED

By: Jan Bartholomew  
Name: Jan Bartholomew  
Title: Managing Director

Exhibit "A"

November 1, 2016

**ARBITRAGE REBATE REGULATIONS**<sup>©</sup>

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

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

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

**Effective Dates**

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

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

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

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600 Congress Ave.  
Suite 1800  
Austin, Texas 78701  
T 512.478.3805  
F 512.472.0871

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

Two Allen Center  
1200 Smith Street, Suite 1550  
Houston, Texas 77002  
T 713.980.0500  
F 713.980.0510

700 N. St. Mary's Street  
Suite 1525  
San Antonio, Texas 78205  
T 210.225.2800  
F 210.225.2984



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

**Future Value Computation Method**

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

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

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

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

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

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



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

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

**General Method for Computing Yield on Bonds**

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

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

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

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



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

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

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

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

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

### **Earnings on Nonpurpose Investments**

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

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



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

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

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

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

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

### **Reimbursement and Working Capital**

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



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

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

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

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

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

### **Rebate Payments**

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

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

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





### **Alternative Penalty Amount**

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

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

### **Exceptions to Rebate**

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

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

b. *Spending Exceptions.*

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

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

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



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

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

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

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

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



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

### **Conclusion**

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

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

EXHIBIT "B"

January 1, 2018

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

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

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

I. Private Business Use

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

### IV. What is the reasonable expectations standard?

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

### V. Change of Use Standard.

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



facilities for the entire term of the issue. To fall within the safe harbor rules which avoid loss of tax-exempt status the governmental unit must assure that no circumstances be present which indicate an attempt to avoid directly or indirectly the requirements of federal income tax law.

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

VI. Written Procedures.

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





Exhibit "C"

June 11, 2020

Mr. Shean Dalton  
General Manger  
Brushy Creek Municipal Utility District  
16318 Great Oaks Drive  
Round Rock, Texas 786816

Re: Brushy Creek Municipal Utility District  
Unlimited Tax Bonds, Series 2020

Dear Mr. Dalton:

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

Generally, the federal tax laws provide that, unless excepted, amounts to be used for the projects or to be deposited to the debt service fund must be invested in obligations the combined yield on which does not exceed the yield on the bonds. Importantly, for purposes of administrative convenience, the bonds, however, have been structured in such a way as to avoid, for the most part, this restriction on investment yield. They also contain certain covenants relating to expenditures of proceeds designed to alert you to unintentional failures to comply with the laws affecting expenditures of proceeds and dispositions of property.

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

Second, the debt service fund is made up of taxes which are levied annually for the payment of current debt service on all the Issuer's outstanding bonds. Any taxes deposited to the debt service fund which are to be used for the payment of current debt service on the captioned bonds, or any other outstanding bonds, are not subject to yield restriction. By definition, current debt service refers only to debt service to be paid within one year of the date of receipt of the taxes. For the most part, this would be debt service in the current fiscal year.

600 Congress Ave.  
Suite 1800  
Austin, Texas 78701  
T 512.478.3805  
F 512.472.0871

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

Two Allen Center  
1200 Smith Street, Suite 1550  
Houston, Texas 77002  
T 713.980.0500  
F 713.980.0510

700 N. St. Mary's Street  
Suite 1525  
San Antonio, Texas 78205  
T 210.225.2800  
F 210.225.2984

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

Third, the debt service fund contains an amount of taxes, which although not expended for debt service within the current year, are necessary to ensure that amounts will be sufficient to pay debt service in the event that taxes are insufficient during that period. This amount, commonly referred to as "coverage," represents a reserve account against periodic fluctuations in the receipt of tax revenues. The Internal Revenue Code permits amounts which are held in reserve for the payment of debt service, in such instances, to be invested without regard to yield restriction if such amounts do not exceed the lesser of (1) 10 percent of the outstanding principal amount of all outstanding bonds, (2) maximum annual debt service on all outstanding bonds, or (3) 125 percent of average annual debt service on all outstanding bonds.

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

Accordingly, you should review the current balance in the debt service fund in order to determine if such balance exceeds the aggregate amount of these three accounts. Additionally, in the future it is important that you be aware of these accounts as additional amounts are deposited to the debt service fund. The amounts which are subject to yield restriction would only be the amounts which are in excess of the sum of (1) the current debt service account, (2) the reserve account, and (3) the "minor portion" account. Moreover, to the extent that additional bonds are issued by the Issuer, whether for new money projects or for refunding, these amounts will change in their proportion.

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

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

The Service also wants some assurance that any failure to comply with the federal tax laws was not due to an issuer's intentional disregard or gross neglect of the responsibilities imposed on it by the federal tax laws. Therefore, to ensure post-issuance compliance, an issuer should consider adopting formalized written guidelines to help the issuer perform diligence reviews at regular intervals. The goal is for issuers to be able to timely



identify and resolve violations of the laws necessary to maintain their obligations' tax-favored status. While the federal tax certificate, together with its attachments, may generally provide a basic written guideline when incorporated in an organizations' operations, the extent to which an organization has appropriate written compliance procedures in place is to be determined on a case-by-case basis. Moreover, the Service has indicated that written procedures should identify the personnel that adopted the procedures, the personnel that is responsible for monitoring compliance, the frequency of compliance check activities, the nature of the compliance check activities undertaken, and the date such procedures were originally adopted and subsequently updated, if applicable. The Service has stated that the adoption of such procedures will be a favorable factor that the Service will consider when determining the amount of any penalty to be imposed on an issuer in the event of an unanticipated and non-curable failure to comply with the tax laws.

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

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

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P.

cc: Ms. Carol D. Pumbo  
Ms. Jacqueline E. Hale

Exhibit "D"

ISSUE PRICE CERTIFICATE

---

[To be attached hereto]

**CERTIFICATE OF ISSUE PRICE**

(sales where 3 bids are received)

The undersigned, as the underwriter or the manager of the syndicate of underwriters ("Purchaser"), with respect to the purchase at the competitive sale of the Unlimited Tax Bonds, Series 2020 issued by Brushy Creek Municipal Utility District ("Issuer") in the principal amount of \$2,100,000 ("Bonds"), hereby certifies and represents, based on its records and information, as follows:

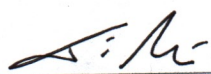
- (a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser's reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the "Expected Offering Prices") to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.
- (b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).
- (c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.
- (d) The Purchaser has purchased bond insurance for the Bonds. The bond insurance has been purchased from Build America Mutual Assurance Company (the "Insurer") for a fee of \$6,000 (net any nonguarantee cost, e.g., rating agency fee). The amount of such fee is set forth in the Insurer's commitment and does not include any payment for direct or indirect services other than the transfer of credit risk, unless the compensation for those other services is separately stated, reasonable, and excluded from such. Such fee does not exceed a reasonable, arm's-length charge for the transfer of credit risk and it has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Bonds. The present value of the debt service savings expected to be realized as a result of such insurance exceeds the amount of the fee set forth above. For this purpose, present value is computed using the yield on the Bonds, determined by taking into account the amount of the fee set forth above, as the discount rate. No portion of the fee payable to the Insurer is refundable upon redemption of any of the Bonds in an amount which would exceed the portion of such fee that has not been earned.

For purposes of this Issue Price Certificate, the term "Underwriter" means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this July 2<sup>nd</sup>, 2020.

BOK Financial Securities, Inc., as Purchaser

By: 

Date: 6/25/20

**SCHEDULE A**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION**  
*(Attached)*

RE: \$ 2,100,000  
 Brushy Creek Municipal Utility District, Texas  
 Unlimited Tax Bonds, Series 2020

To the members addressed:

We are pleased that our account as set forth herein purchased the above mentioned bonds on 06/11/2020 at competitive bidding.

The bonds were purchased subject to approval of legality of MCCALL, PARKHURST & HORTON  
 L.L.P., AUSTIN, TX.

MOODY'S: S&P: AA  
 AA-  
 Underlying  
 FITCH: KROLL:

BUILD AMERICA MUTUAL ASSURANCE CO Insured

DATED:07/01/2020 FIRST COUPON:12/01/2020

DUE: 06/01

INITIAL TRADE DATE: 06/12/2020 @ 11:30AM Eastern

MATURITY	AMOUNT	COUPON	PRICE	ADD'L TAKEDOWN ( Pts )	CUSIP
06/01/2021	195M	1.00%	0.55	3/8	117464TV9
		(Approx. \$	Price	100.409)	
06/01/2022	195M	1.00%	0.60	1/2	117464TW7
		(Approx. \$	Price	100.759)	
06/01/2023	440M	1.00%	0.70	1/2	117464TX5
		(Approx. \$	Price	100.863)	
06/01/2024	340M	1.00%	0.80	1/2	117464TY3
		(Approx. \$	Price	100.768)	
06/01/2025	135M	1.25%	0.95	5/8	117464TZ0
		(Approx. \$	Price	101.436)	
06/01/2026	140M	1.25%	1.10	5/8	117464UA3
		(Approx. \$	Price PTC	06/01/2025 100.715	Approx.
YTM 1.125)					
06/01/2027	10M	1.50%	1.35	1.00	117464UB1
		(Approx. \$	Price PTC	06/01/2025 100.710	Approx.
YTM 1.392)					
06/01/2029	645M	1.50%	1.40	1.00	117464UD7
		(Approx. \$	Price PTC	06/01/2025 100.472	Approx.
YTM 1.443)					

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 CALL FEATURES: Optional call in 06/01/2025 @ 100.00

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Award: 06/11/2020  
Award Time: 7:17PM Eastern  
Delivery: 07/02/2020 (Firm)  
Initial trade: 06/12/2020  
Date of Execution: 06/12/2020  
Time of Execution: 11:30AM Eastern

MEMBERS  
ATIONS  
-----  
-----

PARTICIP  
-----

BOK Financial Securities, Inc. )  
MANAGER \$

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TOTAL: \$ 2,100,000

ISSUE

0.00

OVER-

UNDERWRITTEN \$ 2,100,000.00

Delivery is firm for Thursday, July 2, 2020.

The compliance addendum MSRB Rule G-11 will apply.

By: BOK Financial Securities, Inc. Richardson, TX



Exhibit "E"

SCHEDULES OF FINANCIAL ADVISOR

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[To be attached hereto]



SOURCES AND USES OF FUNDS

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Dated Date 07/01/2020  
Delivery Date 07/02/2020

Sources:

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Bond Proceeds:	
Par Amount	2,100,000.00
Accrued Interest	69.34
Premium	14,741.00
	<hr/>
	2,114,810.34
	<hr/> <hr/>

Uses:

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Project Fund Deposits:	
Construction Costs	1,927,650.00
Bond Application	30,000.00
Contingency	51,566.00
	<hr/>
	2,009,216.00
Other Fund Deposits:	
Accrued Interest	69.34
Cost of Issuance:	
Legal Fees	10,500.00
Fiscal Agent Fees	31,500.00
Bond Issuance Expense	30,000.00
TCEQ Bond Issuance Fee	5,250.00
Attorney General Fee	2,100.00
	<hr/>
	79,350.00
Delivery Date Expenses:	
Underwriter's Discount	26,175.00
	<hr/>
	2,114,810.34
	<hr/> <hr/>

BOND SUMMARY STATISTICS

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Dated Date	07/01/2020
Delivery Date	07/02/2020
Last Maturity	06/01/2029
Arbitrage Yield	1.222773%
True Interest Cost (TIC)	1.424128%
Net Interest Cost (NIC)	1.422388%
All-In TIC	2.244490%
Average Coupon	1.313285%
Average Life (years)	4.988
Duration of Issue (years)	4.798
Par Amount	2,100,000.00
Bond Proceeds	2,114,810.34
Total Interest	137,632.29
Net Interest	149,066.29
Total Debt Service	2,237,632.29
Maximum Annual Debt Service	649,837.50
Average Annual Debt Service	251,019.84
Underwriter's Fees (per \$1000)	
Average Takedown	6.607143
Management Fee	2.000000
Other Fee	3.857143
Total Underwriter's Discount	12.464286
Bid Price	99.455524

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	2,100,000.00	100.702	1.313%	4.988
	2,100,000.00			4.988

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,100,000.00	2,100,000.00	2,100,000.00
+ Accrued Interest	69.34	69.34	69.34
+ Premium (Discount)	14,741.00	14,741.00	14,741.00
- Underwriter's Discount	-26,175.00	-26,175.00	
- Cost of Issuance Expense		-79,350.00	
- Other Amounts			-6,000.00
Target Value	2,088,635.34	2,009,285.34	2,108,810.34
Target Date	07/02/2020	07/02/2020	07/02/2020
Yield	1.424128%	2.244490%	1.222773%



BOND DEBT SERVICE

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Dated Date 07/01/2020  
Delivery Date 07/02/2020

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2020			10,401.04	10,401.04	
12/31/2020					10,401.04
06/01/2021	195,000.00	1.000%	12,481.25	207,481.25	
12/01/2021			11,506.25	11,506.25	
12/31/2021					218,987.50
06/01/2022	195,000.00	1.000%	11,506.25	206,506.25	
12/01/2022			10,531.25	10,531.25	
12/31/2022					217,037.50
06/01/2023	440,000.00	1.000%	10,531.25	450,531.25	
12/01/2023			8,331.25	8,331.25	
12/31/2023					458,862.50
06/01/2024	340,000.00	1.000%	8,331.25	348,331.25	
12/01/2024			6,631.25	6,631.25	
12/31/2024					354,962.50
06/01/2025	135,000.00	1.250%	6,631.25	141,631.25	
12/01/2025			5,787.50	5,787.50	
12/31/2025					147,418.75
06/01/2026	140,000.00	1.250%	5,787.50	145,787.50	
12/01/2026			4,912.50	4,912.50	
12/31/2026					150,700.00
06/01/2027	10,000.00	1.500%	4,912.50	14,912.50	
12/01/2027			4,837.50	4,837.50	
12/31/2027					19,750.00
06/01/2028			4,837.50	4,837.50	
12/01/2028			4,837.50	4,837.50	
12/31/2028					9,675.00
06/01/2029	645,000.00	1.500%	4,837.50	649,837.50	
12/31/2029					649,837.50
	2,100,000.00		137,632.29	2,237,632.29	2,237,632.29



BOND PRICING

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:						
	06/01/2021	195,000.00	1.000%	0.550%	100.409	797.55
	06/01/2022	195,000.00	1.000%	0.600%	100.759	1,480.05
	06/01/2023	440,000.00	1.000%	0.700%	100.863	3,797.20
	06/01/2024	340,000.00	1.000%	0.800%	100.768	2,611.20
	06/01/2025	135,000.00	1.250%	0.950%	101.436	1,938.60
	06/01/2026	140,000.00	1.250%	1.100%	100.715 C	1,001.00
	06/01/2027	10,000.00	1.500%	1.350%	100.710 C	71.00
	06/01/2029	645,000.00	1.500%	1.400%	100.472 C	3,044.40
		2,100,000.00				14,741.00

Dated Date	07/01/2020	
Delivery Date	07/02/2020	
First Coupon	12/01/2020	
Par Amount	2,100,000.00	
Premium	14,741.00	
Production	2,114,741.00	100.701952%
Underwriter's Discount	-26,175.00	-1.246429%
Purchase Price	2,088,566.00	99.455524%
Accrued Interest	69.34	
Net Proceeds	2,088,635.34	

BEFORE AND AFTER DEBT SERVICE

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Date	Prior Debt Service	Plus: New Principal	Plus: New Interest	Total Debt Service
12/31/2020	369,987.50		10,401.04	380,388.54
12/31/2021	3,020,925.00	195,000.00	23,987.50	3,239,912.50
12/31/2022	3,024,000.00	195,000.00	22,037.50	3,241,037.50
12/31/2023	2,788,425.00	440,000.00	18,862.50	3,247,287.50
12/31/2024	2,893,700.00	340,000.00	14,962.50	3,248,662.50
12/31/2025	3,101,775.00	135,000.00	12,418.75	3,249,193.75
12/31/2026	3,103,350.00	140,000.00	10,700.00	3,254,050.00
12/31/2027	3,235,537.50	10,000.00	9,750.00	3,255,287.50
12/31/2028	3,242,450.00		9,675.00	3,252,125.00
12/31/2029		645,000.00	4,837.50	649,837.50
	24,780,150.00	2,100,000.00	137,632.29	27,017,782.29

CALL PROVISIONS

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Call Table: CALL

Call Date	Call Price
06/01/2025	100.00

Call Provisions Setup

Bond Component	Call Table	Callable Dates
Serial Bond	CALL	Any Date



FORM 8038 STATISTICS

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Dated Date 07/01/2020  
Delivery Date 07/02/2020

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	06/01/2021	195,000.00	1.000%	100.409	195,797.55	195,000.00
	06/01/2022	195,000.00	1.000%	100.759	196,480.05	195,000.00
	06/01/2023	440,000.00	1.000%	100.863	443,797.20	440,000.00
	06/01/2024	340,000.00	1.000%	100.768	342,611.20	340,000.00
	06/01/2025	135,000.00	1.250%	101.436	136,938.60	135,000.00
	06/01/2026	140,000.00	1.250%	100.715	141,001.00	140,000.00
	06/01/2027	10,000.00	1.500%	100.710	10,071.00	10,000.00
	06/01/2029	645,000.00	1.500%	100.472	648,044.40	645,000.00
		2,100,000.00			2,114,741.00	2,100,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	06/01/2029	1.500%	648,044.40	645,000.00		
Entire Issue			2,114,741.00	2,100,000.00	4.9850	1.2228%

Proceeds used for accrued interest	69.34
Proceeds used for bond issuance costs (including underwriters' discount)	99,525.00
Proceeds used for credit enhancement	6,000.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00





PROOF OF ARBITRAGE YIELD

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Date	Debt Service	Present Value to 07/02/2020 @ 1.2227734603%
12/01/2020	10,401.04	10,348.70
06/01/2021	207,481.25	205,182.58
12/01/2021	11,506.25	11,309.63
06/01/2022	206,506.25	201,743.97
12/01/2022	10,531.25	10,225.87
06/01/2023	450,531.25	434,808.48
12/01/2023	8,331.25	7,991.64
06/01/2024	348,331.25	332,101.82
12/01/2024	6,631.25	6,283.87
06/01/2025	141,631.25	133,396.25
12/01/2025	5,787.50	5,417.87
06/01/2026	145,787.50	135,647.12
12/01/2026	4,912.50	4,543.03
06/01/2027	14,912.50	13,707.13
12/01/2027	4,837.50	4,419.47
06/01/2028	4,837.50	4,392.61
12/01/2028	4,837.50	4,365.92
06/01/2029	649,837.50	582,924.40
	<u>2,237,632.29</u>	<u>2,108,810.34</u>

Proceeds Summary

Delivery date	07/02/2020
Par Value	2,100,000.00
Accrued interest	69.34
Premium (Discount)	14,741.00
Arbitrage expenses	-6,000.00
Target for yield calculation	<u>2,108,810.34</u>

COST OF ISSUANCE

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Cost of Issuance	\$/1000	Amount
Legal Fees	5.00000	10,500.00
Fiscal Agent Fees	15.00000	31,500.00
Bond Issuance Expense	14.28571	30,000.00
TCEQ Bond Issuance Fee	2.50000	5,250.00
Attorney General Fee	1.00000	2,100.00
	37.78571	79,350.00

UNDERWRITER'S DISCOUNT

Brushy Creek Municipal Utility District  
U/L Tax Bds Ser 2020

Underwriter's Discount	\$/1000	Amount
Average Takedown	6.60714	13,875.00
Management Fee	2.00000	4,200.00
Expenses	1.00000	2,100.00
Bond Insurance (BAM)	2.85714	6,000.00
	12.46429	26,175.00

## Exhibit "F"

### CERTIFICATE OF FINANCIAL ADVISOR

---

The undersigned, on behalf of Robert W. Baird & Co. Incorporated (the "Financial Advisor"), as the municipal advisor to Brushy Creek Municipal Utility District (the "Issuer") in connection with the issuance of the Issuer's Unlimited Tax Bonds, Series 2020 in the principal amount of \$2,100,000 (the "Bonds"), has acted on behalf of the Issuer in soliciting and receiving bids in connection with the sale of the Bonds in a competitive bidding process in which bids were requested for the purchase of the Bonds at specified written terms, and hereby certifies as set forth below with respect to the bidding process and award of the Bonds.

1. On June 11, 2020 (the "Sale Date") the Issuer entered into a binding contract in writing for the sale of the Bonds.

2. All of the Bonds were offered for sale at specified written terms more particularly described in the Notice of Sale. A copy of the Notice of Sale is included in the Transcript of Proceedings for the Bonds. No modifications have been made to such Notice of Sale.

3. The Financial Advisor disseminated the Notice of Sale to potential underwriters of the Bonds in a manner that was reasonably designed to reach potential underwriters. The Notice of Sale was disseminated through electronic communications that was widely circulated to potential underwriters by a recognized publisher of municipal bond offering documents or by posting on an internet-based website or other electronic medium that is regularly and widely used by underwriters for such purpose and is widely available to potential underwriters.

4. To the knowledge of the Financial Advisor, all bidders were offered an equal opportunity to bid to purchase the Bonds so that, for example, if the bidding process afforded any opportunity for bidders to review other bids before providing a bid, no bidder was given an opportunity to review other bids that was not equally given to all other bidders (i.e., no "last-look").

5. The Issuer received bids from at least three underwriters of municipal bonds that have established industry reputations for underwriting new issuances of municipal bonds. The foregoing statement is based in part on the bidders' representations included in their bid forms which representations, to the knowledge of the Financial Advisor based upon the Financial Advisor's experience in acting as the municipal advisor for other municipal issuers, are not inaccurate.

6. The Issuer awarded the Bonds to BOK Financial Securities, Inc. (the "Purchaser"), whose bid was determined to be the best conforming bid in accordance with the terms set forth in the Notice of Sale, as shown in the bid comparison attached as Attachment A to this Certificate.

[Signature page follows]

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 Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Financial Advisor is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein. Furthermore, no other person may rely on the representations set forth in this certificate without the prior written consent of the Financial Advisor.

EXECUTED and DELIVERED as of this July 2, 2020.

ROBERT W. BAIRD & CO. INCORPORATED, as  
Financial Advisor

By

Name:

Jan Bartholomew  
Jan Bartholomew

ATTACHMENT A  
BID COMPARISON



**Bids Comparison  
Brushy Creek MUD  
\$2,100,000 Unlimited Tax Bonds, Series 2020**

<b>BOK Financial Securities, Inc. Dallas, TX</b>		
Maturity	Amount	Coupon
6/1/2021	195	1.000%
6/1/2022	195	1.000%
6/1/2023	440	1.000%
6/1/2024	340	1.000%
6/1/2025	135	1.250%
6/1/2026	140	1.250%
6/1/2027	10	1.500%
6/1/2029	645	1.500%
<b>NIC</b>	<b>1.422388%</b>	

<b>SAMCO Capital Markets Dallas, TX</b>		
Maturity	Amount	Coupon
6/1/2021	195	1.000%
6/1/2022	195	1.000%
6/1/2023	440	1.000%
6/1/2024	340	1.000%
6/1/2025	135	1.000%
6/1/2026	140	1.500%
6/1/2027		
6/1/2029	655	2.000%
<b>NIC</b>	<b>1.547212%</b>	

<b>Huntington Securities, Inc. Chicago, IL</b>		
Maturity	Amount	Coupon
6/1/2021	195	3.000%
6/1/2022	195	3.000%
6/1/2023	440	3.000%
6/1/2024	340	3.000%
6/1/2025	135	3.000%
6/1/2026	140	1.500%
6/1/2027	10	1.000%
6/1/2029	645	0.500%
<b>NIC</b>	<b>1.576435%</b>	

## Exhibit "G"

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

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I, the undersigned, being the duly authorized representative of the Brushy Creek Municipal Utility District (the "Issuer") hereby state that the Issuer elects the provisions of section 148(f)(4)(C) of the Internal Revenue Code of 1986 (the "Code"), relating to the exception to arbitrage rebate for temporary investments, as more specifically designated below, with respect to the Issuer's Unlimited Tax Bonds, Series 2020 (the "Bonds") which are being issued on the date of delivery of the Bonds. The CUSIP Number for the Bonds is stated on the Form 8038-G filed in connection with the Bonds. The Issuer intends to take action to comply with the two-year temporary investments exception to rebate afforded construction bonds under section 148(f)(4)(C) of the Code or any of the other exceptions available to the Issuer in accordance with section 1.148-7 of the Treasury Regulations. Capitalized terms have the same meaning as defined in the Federal Tax Certificate.

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

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

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

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

5. NO ELECTION.

The Issuer understands that the elections which are adopted as evidenced by the check in the box adjacent to the applicable provision are ***irrevocable***. Further, the Issuer understands that qualification of the Bonds for eligibility for the exclusion from the rebate requirement set forth in section 148(f) of the Code is based on subsequent events and is unaffected by the Issuer's expectations of such events as of the date of delivery of the Bonds. **Accordingly, while failure to execute this certificate and to designate the intended election does not preclude qualification, it would preclude the Issuer from the relief afforded by such election.**

DATED: July 2, 2020

Brushy Creek Municipal Utility District

By: Shean Dalton

Name: Shean Dalton

Title: General Manger

16318 Great Oaks Drive

Round Rock, Texas 786816

Employer I.D. Number: 74-2006801



July 2, 2020

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT  
UNLIMITED TAX BONDS, SERIES 2020  
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,100,000**

**AS BOND COUNSEL FOR BRUSHY CREEK MUNICIPAL UTILITY DISTRICT** (the "District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the order of the Board of Directors of the District adopted on June 11, 2020 authorizing the issuance of the Bonds (the "Bond Order").

**WE HAVE EXAMINED** the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, including the Bond Order and other documents authorizing and relating to the issuance of the Bonds; and we have examined various certificates and documents executed by officers and officials of the District upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds (Bond Numbered T-1) and specimens of Bonds to be authenticated and delivered in exchange for the Bonds.

**BASED ON SAID EXAMINATION, IT IS OUR OPINION** that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the District, payable from ad valorem taxes without legal limit as to rate or amount to be levied and collected by the District upon taxable property within the District, which taxes the District has covenanted to levy in an amount sufficient (together with revenues and receipts from other sources which are legally available for such purposes) to pay the interest on and the principal of the Bonds. Such covenant to levy taxes is subject to the right of a city, under existing Texas law, to annex all of the territory within the District; to take over all properties and assets of the District; to assume all debts, liabilities, and obligations of the District, including the Bonds; and to abolish the District.

**THE DISTRICT** reserves the right to issue additional bonds which will be payable from taxes; bonds, notes, and other obligations payable from revenues; and bonds payable from contracts with other persons, including private corporations, municipalities, and political subdivisions.



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

**EXCEPT AS STATED ABOVE**, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

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



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

**THE FOREGOING OPINIONS** represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,



July 2, 2020

Build America Mutual  
200 Liberty Street, 27th Floor  
New York, New York 10281

Re: \$2,100,000 Brushy Creek Municipal Utility District Unlimited Tax Bonds,  
Series 2020

Ladies and Gentlemen:

This letter is to advise you that, as the issuer of the municipal bond insurance policy (the "Policy") which secures the payment of principal and interest on the referenced Bonds (the "Bonds"), you may rely on our Bond Counsel opinion dated the date hereof with respect to the Bonds as if you were a holder of the Bonds. This letter provides that only you may rely upon our Bond Counsel opinion, and only in connection with the transaction to which reference is made above and may not be relied upon by any other person for any purposes whatsoever without our prior written consent.

We render no opinion, however, as to the proper federal income tax treatment of any payment made to you by the Issuer in respect of the Policy as constituting "interest" within the meaning of section 61 of the Internal Revenue Code of 1986, as amended.

Very truly yours,



MULLER  
  
LAW GROUP

A PROFESSIONAL LIMITED LIABILITY COMPANY

202 Century Square Blvd. | Sugar Land, Texas 77478 | 281.500.6050

July 2, 2020

Brushy Creek Municipal Utility District  
16318 Great Oaks Drive  
Round Rock, Texas 78681

Robert W. Baird & Co.  
700 Milam Street  
Houston, Texas 77002

Dear Sir or Madam:

We have acted as counsel to Brushy Creek Municipal Utility District (“Issuer”) of its \$2,100,000 Unlimited Tax Bonds, Series 2020 (“Bonds”). The Bonds are issued pursuant to the Order of the Board of Directors of the Issuer, dated June 11, 2020 (“Order”), authorizing the issuance of the Bonds. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Order.

In rendering the opinions set forth herein, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render such opinions. Regarding questions of fact material to such opinions, we have relied on the certified proceedings and other certification of public officials and other furnished to us without undertaking to verify the same by independent investigation.

In providing the statement of belief set forth in the paragraph immediately below, reference is made to the Preliminary Official Statement, dated May 14, 2020, and the Official Statement, dated June 11, 2020 (collectively, “Official Statement”). As disclosure counsel, we reviewed the Official Statement and certain other documents and have participated in conferences, discussions, or other communications in which the contents of the Official Statement and other matters were discussed. The purpose of our professional engagement was not to establish or confirm factual matters set forth in the Official Statement, and we have not undertaken to verify independently any of such factual matters.

Subject to the foregoing, and on the basis of the information we gained in the course of performing the services referred to above, we confirm to you that no facts have come to the attention of the attorneys in our firm rendering legal services in connection with this matter that cause them to believe that the Official Statement as of its date or as of the date hereof contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, nor do we express any belief with respect to any financial and statistical data and forecasts, projections, numbers, estimates, assumptions, and expressions of opinion, information regarding statements regarding compliance with prior continuing

disclosure undertakings, information concerning the Bond Insurance Policy and the Bond Insurer, and information concerning The Depository Trust Company and the book-entry system for the Bonds, contained or incorporated by reference in the Official Statement and its Appendices, which we expressly exclude from the scope of this paragraph.

This letter is furnished by us solely for the benefit of those to whom it is addressed and may not be relied upon by any other person or entity. We disclaim any obligation to supplement this letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in the law that may hereafter occur.

Very truly yours,

The Muller Law Group, PLLC

*V*



**KEN PAXTON**  
ATTORNEY GENERAL OF TEXAS

July 2, 2020

THIS IS TO CERTIFY that Brushy Creek Municipal Utility District (the "Issuer") has submitted the Brushy Creek Municipal Utility District Unlimited Tax Bond, Series 2020 (the "Bond"), in the principal amount of \$2,100,000, for approval. The Bond is dated July 1, 2020, numbered T-1, and was authorized by an Order of the Issuer passed on June 11, 2020.

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

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

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

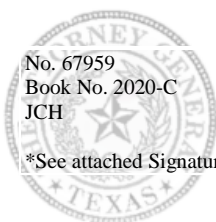
We have not reviewed and do not approve any contract or lease other than as specifically identified herein.

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

- (1) The Bond has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Bond is payable from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the Issuer.

Therefore, the Bond is approved.

  
Attorney General of the State of Texas



No. 67959  
Book No. 2020-C  
JCH

\*See attached Signature Authorization



OFFICE OF THE ATTORNEY GENERAL  
OF THE STATE OF TEXAS

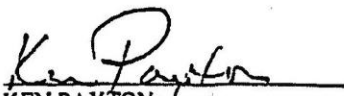
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§

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

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

Given under my hand and seal of office at Austin, Texas, this the 5th day of January, 2015.



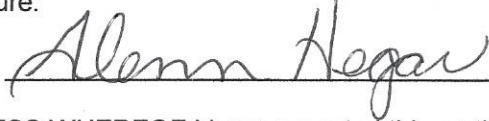
  
KEN PAXTON  
Attorney General of the State of Texas

OFFICE OF COMPTROLLER  
OF THE STATE OF TEXAS

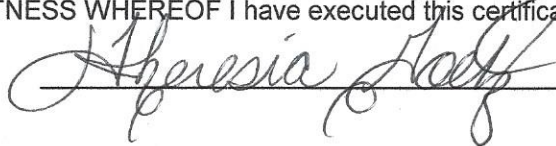
I, Theresa Goetz,  Bond Clerk  Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 2nd day of July 2020, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Brushy Creek Municipal Utility District Unlimited Tax Bond, Series 2020,

numbered T-1, dated July 1, 2020, and that in signing the certificate of registration I used the following signature:

  
\_\_\_\_\_

IN WITNESS WHEREOF I have executed this certificate this the 2nd day of July 2020.

  
\_\_\_\_\_

I, Glenn Hegar, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 94040.

GIVEN under my hand and seal of office at Austin, Texas, this the 2nd day of July 2020.





GLENN HEGAR  
Comptroller of Public Accounts  
of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

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

Brushy Creek Municipal Utility District Unlimited Tax Bond, Series 2020

numbered T-1, of the denomination of \$ 2,100,000, dated July 1, 2020, as authorized by issuer, interest various percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 2nd day of July 2020, under Registration Number 94040.

Given under my hand and seal of office, at Austin, Texas, the 2nd day of July 2020.



A handwritten signature in black ink, appearing to read "Glenn Hegar".

GLENN HEGAR  
Comptroller of Public Accounts  
of the State of Texas

Date: June 29, 2020  
To: Attached Distribution  
From: Jan Bartholomew, Robert W. Baird & Co. Incorporated  
Re: Closing and Delivery  
\$2,100,000 Unlimited Tax Bonds, Series 2020 (the "Bonds")  
Brushy Creek Municipal Utility District (the "District")

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Delivery of the Bonds is scheduled for 10:00 a.m. on Thursday, July 2, 2020. Ms. Carol Pumbo of McCall, Parkhurst & Horton L.L.P., Austin, Texas, bond counsel to the District, will handle all legal matters relating to the closing, including return of the good faith check. The good faith check is to be endorsed by the District and returned via overnight mail to the attention of Mr. Bryan Peake (405-272-2031) of BOK Financial Securities, Inc. ("BOKF") at the following address: 499 W. Sheridan Avenue, Suite 2500, Oklahoma City, OK 73102.

At or prior to closing, BOKF will wire \$6,000.00 immediately available funds to Build America Municipal Assurance Company ("BAM") for payment of the premium associated with the municipal bond insurance policy to be issued by BAM, as follows:

First Republic Bank  
ABA No. 321 081 669  
Account Name: Build America Mutual Assurance Company  
Account No. [REDACTED]  
Policy No. 2020B0481  
Patrice James, 212-235-2559

At or prior to closing, BOKF will also wire \$2,088,635.34 in immediately available funds to Wells Fargo Bank, National Association ("Wells Fargo"), as follows:

Wells Fargo Bank, N.A.  
ABA No. 121 000 248  
Account No. [REDACTED]  
Account Name: Paying Agent Clearing Account  
Ref: Brushy Creek MUD, Series 2020 Bonds  
Attn: Jim Hood, 612-667-1256

The funds to be wired by BOKF to Wells Fargo are calculated as follows:

Par Amount of the Bonds:	\$ 2,100,000.00
Less Bond Discount:	(11,434.00)
Plus Accrued Interest:	<u>69.34</u>
Total Amount to be Wired:	\$ 2,088,635.34

Upon receipt of the above amount, Wells Fargo will wire funds as follows:

1. \$69.34 of accrued interest will be wired to the District's Debt Service Fund, as follows:

JP Morgan Chase  
C/O LOGIC Participant Services  
Dallas, Texas  
ABA No. 113 000 609  
BNF: LOGIC Investment Cooperative/Account No. [REDACTED]  
OBI: Brushy Creek MUD – 2006801001  
Debt Service Fund

2. \$2,014,145.75 is to be wired to the District's Capital Projects Fund, as follows:

JP Morgan Chase  
C/O LOGIC Participant Services  
Dallas, Texas  
ABA No. 113 000 609  
BNF: LOGIC Investment Cooperative/Account No. [REDACTED]  
OBI: Brushy Creek MUD – 2006801014  
Capital Projects Fund

3. \$2,000.00 will be retained by Wells Fargo for its fee as paying agent/registrar.

4. \$ [REDACTED] will be wired to McCall, Parkhurst & Horton L.L.P. for its fee and expenses as bond counsel, as follows:

Plains Capital Bank  
325 N. St. Paul Street, Suite 800, Dallas, Texas 75201  
ABA No. 111 322 994  
Account No. [REDACTED]  
Credit to: McCall, Parkhurst & Horton LLP Operating Account  
Reference No. 3540.036

5. \$8,000.00 will be wired to The Muller Law Group, PLLC for its fee and expenses as disclosure counsel, as follows:

J.P. Morgan Chase Bank, NA  
270 Park Avenue, New York, NY 10017  
ABA No. 021 000 021  
Account Name: The Muller Law Group, PLLC.  
Account No. [REDACTED]  
Invoice No. 4676

6. \$33,175.00 will be wired to Robert W. Baird & Co. Incorporated for its fee and expenses as financial advisor, as follows:

BMO Harris Bank  
111 W. Monroe Street, Chicago, IL 60603  
Beneficiary: Robert W. Baird & Co. Incorporated  
Account No. [REDACTED]  
ABA No. 071 000 288  
Swift: HATRUS44  
Reference: Invoice No. 288825

7. \$1,843.81 will be wired to digi-Color LP for printing and distribution of the Official Statement, as follows:

Zions Bancorporation, National Association, Amegy Bank Division  
P.O. Box 27459, Houston, TX 77227-7459  
ABA No. 113 011 258  
Division FBO: Southwest Precision Printers & Associates, LP  
Account No. [REDACTED]  
Invoice No. 20203371-01  
Eli Palomo, 713-232-1141

8. \$800.00 will be wired to Ipreo LLC for the electronic distribution of the Preliminary Official Statement and Official Statement, as follows:

JP Morgan Chase, New York, NY  
Account No. [REDACTED]  
ABA No. 021 000 021  
Beneficiary Name: Ipreo LLC  
Invoice No. 91121583

9. \$10,200.00 will be wired to S&P Global Rating Services, LLC for rating fees, as follows:

Bank of America  
ABA No. 026 009 593  
Account No. [REDACTED]  
Account Name: S&P Global Ratings  
Invoice No. 11393309  
Customer No. 1000111308

10. \$5,250.00 will be wired to the Texas Commission on Environmental Quality ("TCEQ") for the TCEQ fee in relation to the issuance of the Bonds, as follows:

Bank of America  
ABA No. 026 009 593  
Account No. [REDACTED]  
Account Name: Comptroller of Public Accounts  
Reference: TCEQ Internal Control No. D-02052020-002 (BPF)  
Remitter's Information: Jeffrey Carlson - Wells Fargo  
Brushy Creek MUD - Series 2020

Following the wire to the TCEQ, Wells Fargo will fax a copy of the transfer confirmation to TCEQ Financial Administration - (512) 239-0364.

If I may be of further assistance, please contact me at (713) 230-6121.

Sincerely,

ROBERT W. BAIRD & CO. INCORPORATED



Jan Bartholomew  
Managing Director

**BOND COUNSEL**

McCall, Parkhurst & Horton L.L.P.  
600 Congress Avenue, Suite 1800  
Austin, Texas 78701

Carol Polumbo  
Phone: 512-478-3805  
Email: [cpolumbo@mphlegal.com](mailto:cpolumbo@mphlegal.com)

Jacqueline Hale  
Phone: 512-478-3805  
Email: [jhale@mphlegal.com](mailto:jhale@mphlegal.com)

Crystal Lightfield  
Phone: 512-478-3805  
Email: [clightfield@mphlegal.com](mailto:clightfield@mphlegal.com)

**ISSUER**

Brushy Creek Municipal Utility District  
16318 Great Oaks Drive  
Round Rock, Texas 78681

Shean Dalton  
Phone: 512-255-7871  
Email: [s.dalton@bcmud.org](mailto:s.dalton@bcmud.org)

Armida Macias  
Phone: 512-255-7871  
Email: [a.macias@bcmud.org](mailto:a.macias@bcmud.org)

**PAYING AGENT**

Wells Fargo Corporate Trust Services  
600 S 4th St, 6th Floor  
Minneapolis, MN 55415

Jeff Carlson  
Phone: 612-667-4802  
Email: [jeffrey.k.carlson@wellsfargo.com](mailto:jeffrey.k.carlson@wellsfargo.com)

Jim Hood  
Phone: 612-667-1256  
Email: [james.j.hood@wellsfargo.com](mailto:james.j.hood@wellsfargo.com)

**FINANCIAL ADVISOR**

Robert W. Baird & Co. Incorporated  
1331 Lamar Street, Suite 1360  
Houston, Texas 77010

Jan Bartholomew  
Phone: 713-230-6121  
Email: [jbartholomew@rwbaird.com](mailto:jbartholomew@rwbaird.com)

David Wood  
Phone: 713-230-6130  
Email: [dwood@rwbaird.com](mailto:dwood@rwbaird.com)

**DISCLOSURE COUNSEL**

The Muller Law Group, PLLC  
202 Century Square Blvd.  
Sugar Land, Texas 77478

Nancy Carter  
Phone: 281-500-4686  
Email: [nancy@mullerlawgroup.com](mailto:nancy@mullerlawgroup.com)

Keely Campbell  
Phone: 281-500-6023  
Email: [keely@mullerlawgroup.com](mailto:keely@mullerlawgroup.com)

**GENERAL COUNSEL**

McLean & Howard, L.L.P.  
Barton Oaks Plaza, Building II  
901 S. Mopac Expressway, Suite 225  
Austin, Texas 78746

Tony Corbett  
Phone: 512-328-2008  
Email: [tcorbett@mcleanhowardlaw.com](mailto:tcorbett@mcleanhowardlaw.com)

**UNDERWRITER**

BOK Financial Securities, Inc.  
1200 N Mayfair Rd, Suite 303  
Milwaukee, WI 53226

Travis Mantel  
Phone: 414-203-6558  
Email: [tmantel@bokf.com](mailto:tmantel@bokf.com)

Allen Mattson  
Phone: 414-203-6558  
Email: [AMattson@bokf.com](mailto:AMattson@bokf.com)

Will Harper  
Phone: 214-576-0871  
Email: [wharper@bokf.com](mailto:wharper@bokf.com)

Bryan Peake  
Phone: 405-272-2031  
Email: [bpeake@bokf.com](mailto:bpeake@bokf.com)

**INSURANCE**

Build America Mutual  
200 Liberty Street, 27th Floor  
New York, New York 10281

Lisa Lestardo  
Phone: 212-235-2556  
Email: [llestardo@buildamerica.com](mailto:llestardo@buildamerica.com)

Patrice James  
Phone: 212-235-2559  
Email: [pjames@buildamerica.com](mailto:pjames@buildamerica.com)



The undersigned acknowledges and approves disbursement of funds as set out above.

Brushy Creek Municipal Utility District

By: [Signature]  
Authorized Representative

Name: Shawn Dalton

Title: GM

Date: 6/26/2020

By: [Signature]  
Authorized Representative

Name: Armida Macias

Title: Accounting Manager

Date: 6/26/20

**RECEIPT FOR PROCEEDS**

**THE STATE OF TEXAS  
COUNTY OF WILLIAMSON  
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

**§  
§  
§**

The undersigned hereby certifies as follows:

(a) This certificate is executed and delivered with reference to:

\$2,100,000 Brushy Creek Municipal Utility District  
Unlimited Tax Bonds, Series 2020.

(b) The undersigned is acting as Closing Agent on behalf of the Issuer of the Bonds.

(c) The Bonds have been duly delivered to the purchasers thereof, namely:

**BOK Financial Securities;**

(d) I hereby acknowledge the transfer of funds made on behalf of the District pursuant to the District's closing memorandum dated July 2, 2020.

**EXECUTED AND DELIVERED** this 2nd day of July, 2020.

**WELLS FARGO BANK, N.A.**

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

Title: vice President

Form **8038-G**

**Information Return for Tax-Exempt Governmental Bonds**

(Rev. September 2018)

► Under Internal Revenue Code section 149(e)  
► See separate instructions.

OMB No. 1545-0720

Department of the Treasury  
Internal Revenue Service

**Caution:** If the issue price is under \$100,000, use Form 8038-GC.  
► Go to [www.irs.gov/F8038G](http://www.irs.gov/F8038G) for instructions and the latest information.

<b>Part I Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>Brushy Creek Municipal Utility District</b>		2 Issuer's employer identification number (EIN) <b>74-2006801</b>	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) <b>None</b>		3b Telephone number of other person shown on 3a <b>N/A</b>	
4 Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>16318 Great Oaks Drive</b>		5 Report number (For IRS Use Only) <b>3</b>	
6 City, town, or post office, state, and ZIP code <b>Round Rock, Texas 78681</b>		7 Date of issue <b>07/02/2020</b>	
8 Name of issue <b>Unlimited Tax Bonds, Series 2020</b>		9 CUSIP number <b>117464 UD7</b>	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) <b>Shean Dalton, General Manager</b>		10b Telephone number of officer or other employee shown on 10a <b>(512) 255-7871</b>	

**Part II Type of Issue (enter the issue price).** See the instructions and attach schedule.

11	Education	11	
12	Health and hospital	12	
13	Transportation	13	
14	Public safety	14	
15	Environment (including sewage bonds)	15	
16	Housing	16	
17	Utilities	17	2,114,741
18	Other. Describe ►	18	
19a	If bonds are TANs or RANs, check only box 19a		<input type="checkbox"/>
19b	If bonds are BANs, check only box 19b		<input type="checkbox"/>
20	If bonds are in the form of a lease or installment sale, check box		<input type="checkbox"/>

**Part III Description of Bonds.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	06/01/2029	\$ 2,114,741	\$ 2,100,000	4.98 years	1.2227 %

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

22	Proceeds used for accrued interest	22	69
23	Issue price of entire issue (enter amount from line 21, column (b))	23	2,114,741
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	99,525
25	Proceeds used for credit enhancement	25	6,000
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0
27	Proceeds used to refund prior tax-exempt bonds. Complete Part V	27	0
28	Proceeds used to refund prior taxable bonds. Complete Part V	28	0
29	Total (add lines 24 through 28)	29	105,525
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	2,009,216

**Part V Description of Refunded Bonds.** Complete this part only for refunding bonds. **Not applicable**

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded ► \_\_\_\_\_ years

32 Enter the remaining weighted average maturity of the taxable bonds to be refunded ► \_\_\_\_\_ years

33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY) ► \_\_\_\_\_

34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2018)

**Part VI Miscellaneous**

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

**Signature and Consent**

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

Signature of issuer's authorized representative: Shean Dalton Date: 07/02/2020 Type or print name and title: Shean Dalton, General Manager

**Paid Preparer Use Only**

Print/Type preparer's name <b>Harold T. Flanagan</b>	Preparer's signature <i>Harold T. Flanagan</i>	Date <b>06/24/2020</b>	Check <input type="checkbox"/> if self-employed	PTIN <b>P01071147</b>
Firm's name ▶ <b>McCall, Parkhurst &amp; Horton L.L.P.</b>		Firm's EIN ▶ <b>75-0799392</b>		
Firm's address ▶ <b>717 N. Harwood, Suite 900, Dallas, TX 75201</b>		Phone no. <b>214-754-9200</b>		

UNITED STATES OF AMERICA  
STATE OF TEXAS

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT  
UNLIMITED TAX BOND  
SERIES 2020

NO. R-1

PRINCIPAL  
AMOUNT  
\$195,000

<u>INTEREST RATE</u>	<u>DATE OF BONDS</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
1.000%	July 1, 2020	June 1, 2021	117464TV9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED NINETY-FIVE THOUSAND DOLLARS

ON THE MATURITY DATE specified above, BRUSHY CREEK MUNICIPAL UTILITY DISTRICT (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assign (hereinafter called the "Registered Owner") the principal amount set forth above, and to pay interest thereon, calculated on the basis of a 360 day year of twelve 30 day months from July 1, 2020, on December 1, 2020 and semiannually on each June 1 and December 1 thereafter (an "Interest Payment Date") to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is after any Record Date (hereinafter defined) but on or before the next following Interest Payment Date, in which case such principal amount shall bear interest from such next following Interest Payment Date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity at Wells Fargo Bank, N.A. which is the "Registrar" or "Paying Agent/Registrar" for this Bond at its designated office for payment in Dallas, Texas. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each Interest Payment Date by check or draft, dated as of such interest payment date, drawn by the Registrar on, and payable solely from, funds of the District required by the order authorizing the issuance of the Bonds (the "Bond Order") to

be on deposit with the Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Registrar by United States mail, first-class postage prepaid, on or before each such Interest Payment Date, to the Registered Owner hereof, at its address as it appeared on the fifteenth (15th) calendar day of the month next preceding each such date (the "Record Date") on the Register kept by the Registrar listing the names and addresses of the Registered Owners (the "Register"). In addition, interest may be paid by such other method, acceptable to the Registrar, requested by, and at the risk and expense of, the Registered Owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 calendar days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 calendar days after the Special Record Date) shall be sent at least 5 business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Registered Owner as it appears on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

**DURING ANY PERIOD** in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the District and the securities depository.

**ANY ACCRUED INTEREST** due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the Registered Owner upon presentation and surrender of this Bond for payment at the designated office for payment of the Paying Agent/Registrar. The District covenants with the Registered Owner of this Bond that on or before each principal payment date, Interest Payment Date, and any redemption date for this Bond it will make available to the Registrar, from the "Debt Service Fund" the creation of which is affirmed by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

**THIS BOND** is one of a series of Bonds dated as of July 1, 2020 and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal amount of **\$2,100,000 FOR PURPOSES AS PROVIDED BY THE BOND ELECTION INCLUDING THOSE PURPOSES AUTHORIZED BY THE COMMISSION ORDER: (I) REPLACEMENT OF MEMBRANE MODULES; (II) WATER TREATMENT PLANT COMPRESSOR REPLACEMENTS; (III) ZEBRA MUSSEL CONTROL AND**

**TREATMENT IMPROVEMENTS TO RAW WATER INTAKE LINE FROM LAKE GEORGETOWN TO THE WATER TREATMENT PLANT; (IV) DEVELOPER INTEREST; AND (V) OTHER COSTS ASSOCIATED WITH THE ISSUANCE OF THE BONDS.**

**ON JUNE 1, 2025 OR ON ANY DATE THEREAFTER**, the Bonds maturing on and after June 1, 2026, inclusive, may be redeemed prior to their scheduled maturities, at the option of the District, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption as a whole, or from time to time in part, and, if in part, the particular Bonds, or portions thereof, or the sinking fund installments in the case of the Term Bonds, defined below, to be redeemed shall be selected and designated by the District, and if less than all of a maturity, or sinking fund installment, is to be redeemed the Registrar shall determine by lot, or other random customary method, the Bonds, or portions thereof within such maturity, or sinking fund installment, to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of \$5,000 of principal amount).

**AT LEAST** 30 calendar days prior to the date fixed for any optional redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Registrar by United States mail, first-class postage prepaid, to (i) the Registered Owner of each Bond to be redeemed at its address as it appeared on the Register on the 45th calendar day prior to such redemption date and (ii) major securities depositories and bond information services. By the date fixed for any such redemption due provision shall be made with the Registrar for the payment of the required redemption price for the Bonds or portions for which such payment is made, all as provided above. The Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any authorized denomination or denominations, at the written request of the Registered Owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the District, all as provided in the Bond Order.

**WITH RESPECT TO** any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the District shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

**ALL BONDS OF THIS SERIES** are issuable solely as fully registered Bonds, without interest coupons, in the principal denomination in the case of the Bonds, of any integral multiple of \$5,000. As provided in the Bond Order, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The Form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the District. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Registrar shall not be required to make any such transfer, conversion or exchange of any Bond or any portion thereof (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or Interest Payment Date or (ii) within 45 calendar days prior to its redemption date; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

**WHENEVER** the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

**IN THE EVENT** any Registrar for the Bonds is changed by the District, resigns, or otherwise ceases to act as such, the District has covenanted in the Bond Order that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owners of the Bonds.

**THE BONDS** are payable from the proceeds of an ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The Bond Order provides that the District reserves the right to consolidate with one or more conservation and reclamation districts, to consolidate its waterworks and sewer systems with the systems of such districts. The Bond Order further provides that the pledge of taxes, to the payment of the Bonds shall terminate



at such time, if ever, as (i) money and/or Defeasance Securities are deposited with or made available to the Registrar in accordance with the Bond Order or (ii) a city dissolves the District, and assumes the obligations of the District pursuant to existing Texas law.

**THE BONDS** are issued pursuant to the Bond Order, where under the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on all taxable property within the District, for each year while any part of the Bonds are considered outstanding under the provisions of the Bond Order, in sufficient amount, together with revenues and receipts available from other sources which are equally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of the principal of the Bonds when due or the redemption price at any earlier required redemption date with respect to the Bonds, and to pay the expenses of assessing and collecting such tax, all as more specifically provided in the Bond Order. Reference is hereby made to the Bond Order for provisions with respect to the operation and maintenance of the District's facilities, the custody and application of funds, remedies in the event of a default hereunder or thereunder, and the other rights of the Registered Owners of the Bonds. By acceptance of this Bond the Registered Owner hereof consents to all of the provisions of the Bond Order, a certified copy of which is on file in the office of the District.

**THE OBLIGATION** to pay the principal of and the interest on this Bond is solely and exclusively the obligation of the District until such time, if ever, as the District is abolished and this Bond is assumed as described above. No other entity, including the State of Texas, any political subdivision thereof other than the District, or any other public or private body, is obligated, directly, indirectly, contingently, or in any other manner, to pay the principal of or the interest on this Bond from any source whatsoever. No part of the physical properties of the District, including the properties provided by the proceeds of the Bonds, is encumbered by any lien for the benefit of the Registered Owner of this Bond.

**THE DISTRICT RESERVES THE RIGHT** to issue additional bonds heretofore or hereafter duly authorized at elections held in the District payable from a lien on and pledge of taxes; bonds, notes and other obligations of inferior liens, and revenue bonds, notes and other obligations payable solely from revenues of the District or revenues to be received under contracts with other persons, including private corporations, municipalities and political subdivisions or from any other source. The District further reserves the right to issue refunding bonds in any manner permitted by law to refund any bonds (including the Bonds) at or prior to their respective dates of maturity or redemption.

**TO THE EXTENT** permitted by and in the manner provided in the Bond Order, the terms and provisions of the Bond Order and the rights of the Registered Owners of the Bonds may be modified with, in certain circumstances, the consent of the Registered Owners of a majority in aggregate principal amount of the Bonds affected thereby; provided, however, that, without the consent of the Registered Owners of all of the Bonds affected, no such modification shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond,

or (iii) reduce the aggregate principal amount of the Bonds required for consent to any such modification.

**THIS BOND** shall not be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order unless this Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon or (b) is authenticated as evidenced by execution of the authentication certificate endorsed hereon by the Registrar.

**IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED** that all acts, conditions, and things necessary to be done precedent to the issuance of the Bonds in order to render the same legal, valid, and binding obligations of the District have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law: that provision has been made for the payment of the principal of and interest on the Bonds by the levy of a continuing, direct annual ad valorem tax upon all taxable property within the District and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In the event that any provisions herein contained do or would, presently or prospectively, operate to make any part hereof void or voidable, such provisions shall be without effect or prejudice to the remaining provisions hereof, which shall nevertheless remain operative, and such violative provisions, if any, shall be reformed by a court of competent jurisdiction within the limits of the laws of the State of Texas.

SPECIMEN

**IN WITNESS WHEREOF**, the District has caused this Bond to be signed with the manual or facsimile signature of the President or Vice President of the Board of Directors of the District and countersigned with the manual or facsimile signature of the Secretary or Assistant Secretary of the Board of Directors of the District, and has caused the official seal of the District to be duly impressed, or placed in facsimile, on this Bond.

**BRUSHY CREEK MUNICIPAL  
UTILITY DISTRICT**

  
\_\_\_\_\_  
Secretary, Board of Directors

  
\_\_\_\_\_  
President, Board of Directors

(SEAL)

SPECIMEN

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**  
**(To be executed if this Bond is not accompanied by an**  
**executed Registration Certificate of the Comptroller**  
**of Public Accounts of the State of Texas)**

It is hereby certified that this Bond has been issued under the provisions of the Bond Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated:

**WELLS FARGO BANK, NA**  
Registrar

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

SPECIMEN

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

\_\_\_\_\_

Please insert Social Security or Taxpayer Identification Number of Transferee

\_\_\_\_\_

\_\_\_\_\_

(Please print or typewrite name and address, including zip code of Transferee)

\_\_\_\_\_

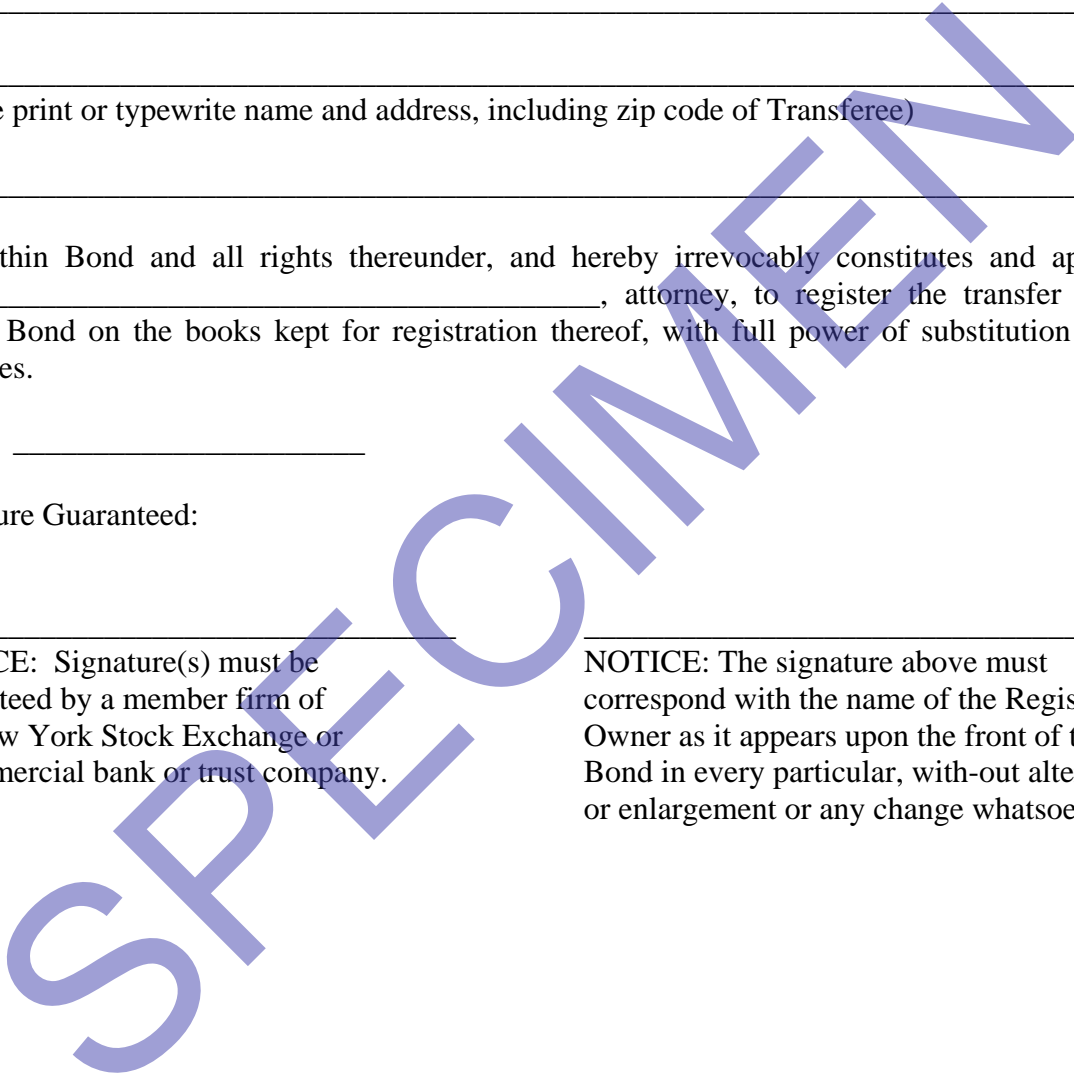
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Signature Guaranteed:

\_\_\_\_\_  
NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, with-out alteration or enlargement or any change whatsoever.



## **STATEMENT OF INSURANCE**

Build America Mutual Assurance Company ("BAM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to BOKF, NA, Dallas, Texas, or its successor, as paying agent for the Bonds (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Ordinance or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the Ordinance, at law or in equity.

SPECIMEN

# McCALL GIBSON SWEDLUND BARFOOT PLLC

*Certified Public Accountants*

13100 Wortham Center Drive  
Suite 235  
Houston, Texas 77065-5610  
(713) 462-0341  
Fax (713) 462-2708  
E-Mail: [mgsb@mgsbpllc.com](mailto:mgsb@mgsbpllc.com)

9600 Great Hills Trail  
Suite 150W  
Austin, Texas 78759  
(512) 610-2209  
[www.mgsbpllc.com](http://www.mgsbpllc.com)

June 17, 2020

Brushy Creek Municipal Utility District  
c/o McCall, Parkhurst & Horton L.L.P.  
600 Congress Avenue, Suite 1800  
Austin, Texas 78701

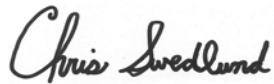
Robert W. Baird & Co. Incorporated  
1331 Lamar, Suite 1360  
Houston, Texas 77010

BOK Financial Securities, Inc.  
499 W. Sheridan Avenue, Suite 2500  
Oklahoma City, Oklahoma 73102

Ladies and Gentlemen:

We are the independent certified public accountants for Brushy Creek Municipal Utility District and, as such, furnished our opinion on such District's financial statements as of September 30, 2019, and for the year then ended, which opinions are included as APPENDIX A to the Official Statement related to the District's Unlimited Tax Bonds, Series 2020. We hereby consent to the reproduction of such opinion and financial statements in the Official Statement and the description of McCall Gibson Swedlund Barfoot PLLC, therein.

Sincerely,



---

For the Firm  
McCall Gibson Swedlund Barfoot PLLC

CS:cb





June 22, 2020

Brushy Creek Municipal Utility District  
c/o McCall, Parkhurst & Horton L.L.P.  
600 Congress Avenue, Suite 1800  
Austin, Texas 78701

Robert W. Baird & Co. Incorporated  
1331 Lamar, Suite 1360  
Houston, Texas 77010

BOK Financial Securities, Inc.  
499 W. Sheridan Avenue, Suite 2500  
Oklahoma City, Oklahoma 73102

**RE: LETTER OF REPRESENTATION  
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT,  
UNLIMITED TAX BONDS, SERIES 2020**

Ladies and Gentlemen:

In connection with the issuance and sale by Brushy Creek Municipal Utility District ("Issuer") of its Unlimited Tax Bonds, Series 2020 ("Bonds"), the Issuer has, among other things, participated in the preparation of a Preliminary Official Statement and an Official Statement to be distributed by Robert W. Baird & Co. Incorporated, the Issuer's financial advisor, to the initial purchasers of the Bonds. Such documents, as amended or supplemented from time to time, are hereinafter referred to as the "Official Statement." We are the consulting engineer for the Issuer and are executing and delivering the Letter of Representation to make the agreements stated herein and to acknowledge your reliance as to certain information necessary to the preparation of the Official Statement and provided by us, as more fully described below.

1. We hereby acknowledge receipt of a copy of the Official Statement.
2. We represent and warrant that the information contained in the Official Statement as identified below is true and correct and, to the best of our knowledge and area of expertise, does not contain any untrue or

misleading statement of a material fact. Such information includes the following portions of the Section entitled THE SYSTEM which begins on Page 36 of the Official Statement:

- a. Subsection entitled "Regulation." The entire paragraph.
  - b. Subsection entitled "Water Supply and Distribution," paragraph 1: the demands cited are generally correct and considered typical; however, the demands do vary year to year.
  - c. Subsection entitled "Water Supply and Distribution," paragraphs 3 through 8, inclusive: the information provided in these paragraphs is generally correct based on our knowledge of the system.
  - d. Subsection entitled "Wastewater Collection and Treatment," paragraph 1: the first sentence is accurate.
  - e. Subsection entitled "Wastewater Collection and Treatment," paragraphs 3 and 4: these paragraphs are generally accurate
  - f. Subsection entitled "Storm Drainage:" the entire subsection
3. We consent to the use of our name in the Official Statement, particularly in the section entitled, "PREPARATION OF OFFICIAL STATEMENT - Experts" and as described therein.
  4. Our representatives have generally reviewed the Official Statement. In the course of such conferences and review, nothing within our general area of practice has come to our attention which would lead us to believe that the Official Statement contains any untrue or misleading statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, although, except as to the information described in paragraph 2 above, we assume no responsibility to you to undertake to verify such information.
  5. This Letter of Representation is made solely for your benefit and no other person, partnership, association, corporation, or political subdivision, including, but without limitation, any persons who purchase the Bonds, shall acquire or have any right hereunder or by virtue hereof.

6. The undersigned hereby represents that he or she is authorized to execute this Letter of Representation on behalf of the Engineer.

Sincerely,

MRB GROUP, P.C.

*Thomas E. Geoni*

June 22, 2020 Date



**MUNICIPAL BOND INSURANCE COMMITMENT**

ISSUER: Brushy Creek Municipal Utility District, Texas

MEMBER: Brushy Creek Municipal Utility District, Texas

Effective Date: June 11, 2020

Expiration Date: September 08, 2020

BONDS: Unlimited Tax Bonds, Series 2020  
in aggregate principal amount not to exceed \$2,100,000

Insurance Payment: \$6,000.00

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”) hereby commits, subject to the terms and conditions contained herein or added hereto, to issue its Municipal Bond Insurance Policy (the “Policy”) relating to the Bonds referenced above (the “Bonds”) issued by or on behalf of the Member. To keep this Commitment in effect after the Expiration Date set forth above, a written request for renewal must be submitted to BAM prior to such Expiration Date. BAM reserves the right to grant or deny a renewal in its sole discretion.

**THE MUNICIPAL BOND INSURANCE POLICY SHALL BE ISSUED IF THE FOLLOWING CONDITIONS ARE SATISFIED:**

1. The documents to be executed and delivered in connection with the issuance and sale of the Bonds (collectively, the “Security Documents”), shall not contain any untrue or misleading statement of a material fact and shall not fail to state a material fact necessary in order to make the information contained therein not misleading.
2. No event shall occur which would permit any underwriter or purchaser of the Bonds, otherwise required, not to be required to underwrite or purchase the Bonds on the date scheduled for the issuance and delivery thereof (the “Closing Date”).

3. As of the Closing Date, there shall have been no material omissions or material adverse changes in, as to or affecting (i) the Member or the Bonds, including, without limitation, the security for the Bonds or (ii) any disclosure document relating to the Bonds (including any financial statements and other information included or incorporated by reference therein) (the “Official Statement”), the Security Documents to be executed and delivered with respect to the Bonds, any project to be financed with the proceeds of the Bonds (if applicable), the legal opinions to be delivered in connection with the issuance and sale of the Bonds, or any other information submitted to BAM with respect to the issuance and sale of the Bonds, including the proposed debt service schedule of the Bonds, from information previously provided to BAM in writing.

4. The Bonds shall contain no reference to BAM, the Policy or the insurance evidenced thereby except as may be approved in writing by BAM. **BOND PROOFS SHALL BE APPROVED IN WRITING BY BAM PRIOR TO PRINTING.** The Bonds shall bear a Statement of Insurance in the form found on BAM’s website ([www.buildamerica.com](http://www.buildamerica.com)) and in Exhibit A hereto entitled “DOCUMENT, PRINTING AND DISCLOSURE INFORMATION FOR PUBLIC FINANCE TRANSACTIONS”.

5. The Official Statement shall contain the language provided by BAM and only such other references to BAM as BAM shall supply or approve in writing, and BAM shall be provided with final drafts of any preliminary and final Official Statement at least two business days prior to printing/electronic posting. **BAM SHALL BE PROVIDED WITH AN ELECTRONIC COPY OF THE OFFICIAL STATEMENT SEVEN (7) DAYS PRIOR TO CLOSING,** unless BAM shall agree in writing to a shorter period.

6. BAM shall be provided with:

(a) Copies of all Security Document drafts prepared subsequent to the date of this Commitment (blacklined to reflect all revisions from previously reviewed drafts) for review and approval. Final drafts of such documents shall be provided at least three (3) business days prior to the issuance of the Policy, unless BAM shall agree in writing to a shorter period. Copies of all drafts of the Security Documents shall be delivered to the BAM contacts specified in Exhibit 1.

(b) Copies of any consulting reports, feasibility studies, rate reports, engineer’s reports or similar expert reports for review and approval, along with any revisions thereto (blacklined to reflect all revisions from previously reviewed drafts). Final drafts of such documents shall be provided at least three (3) business days prior to the issuance of the Policy, unless BAM shall agree in writing to a shorter period.

(c) The amortization schedule for, and final maturity date of, the Bonds, which schedule shall be acceptable to BAM. Please be aware that BAM will only insure fixed rate Bonds.

(d) A No-Litigation Certificate or a description of any material pending litigation relating to the Member or the Bonds and any opinions BAM shall request in connection therewith.

(e) A description of any material change in the Member’s financial position from and after the date of the financial statements provided to BAM.

(f) Executed copies of all Security Documents, the Official Statement and the various legal opinions delivered in connection with the issuance and sale of the Bonds (which shall be dated the Closing Date and which, except for the opinions of counsel relating to the adequacy of disclosure, shall be addressed to BAM or accompanied by a letter of such counsel permitting BAM to rely on such opinion as if such opinion were addressed to BAM), including, without limitation, the unqualified approving opinion of bond counsel, in form and substance satisfactory to BAM. The foregoing shall be in form and substance acceptable to BAM. (For your information, the form of legal opinion, primary market disclosure certificate and officer's certificate to be delivered by BAM at Closing is attached hereto as Exhibit C.)

(g) Evidence of wire transfer in federal funds of an amount equal to the Insurance Payment, unless alternative arrangements for the payment of such amount acceptable to BAM have been made prior to the Closing Date.

7. In the event the Bonds are sold in a private placement transaction, (i) BAM shall receive a closing certificate, in form and substance acceptable to BAM, covering the matters in Paragraphs 7 (d) and (e), (ii) the Issuer shall agree to provide BAM with continuing disclosure consistent with any Continuing Disclosure Agreement for any previously issued public debt of the Issuer (irrespective of whether or not that debt remains outstanding) or enter into such other agreement for continuing disclosure acceptable to BAM and (iii) the Issuer shall provide BAM with copies of all documents and agreements, including without limitation any term sheet, side agreement and/or purchase agreement, executed or delivered in connection with the Bonds, which documents and agreements shall be in form and substance acceptable to BAM.

8. Bonds must have an underlying, long-term rating of at least:

AA-	Standard and Poor's
NR	Moody's Investors Service

9. Promptly, but in no event more than thirty (30) days after the Closing Date, BAM shall receive two (2) CD-ROMs, which contain the final closing transcript of proceedings or if CD-ROMs are not available, such other electronic form as BAM shall accept.

10. To maintain this commitment until the Expiration Date set forth above, BAM must receive a copy of the signature page of this Commitment fully executed by an authorized officer of the undersigned by the earlier of the date on which the Official Statement containing disclosure language regarding BAM is circulated and ten (10) days after the date of this Commitment.

11. Standard & Poor's Ratings Services will separately present a bill for its fees relating to the Bonds. There is no incremental Standard & Poor's fee for the BAM-Insured rating. Payment of such bill by the Member should be made directly to such rating agency. Payment of the rating fee is not a condition to the release of the Policy by BAM.

## REPRESENTATION AND AGREEMENT BY BAM

(a) BAM is a mutual insurance corporation organized under the laws of, and domiciled in, the State of New York.

(b) BAM covenants that it will only insure obligations of states, political subdivisions, an integral part of states or political subdivisions or entities otherwise eligible for the exclusion of income under Section 115 of the Internal Revenue Code of 1986, as amended, or any successor thereto.

(c) BAM covenants that it will not seek to convert to a stock insurance corporation.

(d) The issuance of the Policy qualifies the Member as a member of BAM until the Bonds are no longer outstanding. As a member of BAM, the Member is entitled to certain rights and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law, including the right to receive dividends if and when declared by BAM's Board of Directors. No dividends have been paid to date, and BAM has no current expectation that any dividends will be paid.

(e) The Policy is non-assessable and creates no contingent mutual liability.

(f) Refundings.

If (1) the Security Documents relating to the Bonds permit a legal defeasance (such that the bonds are no longer treated as outstanding under the Security Documents), (2) refunding bonds ("Refunding Bonds") will be issued for the purpose of legally defeasing such then outstanding BAM-insured Bonds (in this context, the "Refunded Bonds") and (3) upon their issuance (A) such Refunding Bonds have a final maturity date that is not later than the final Maturity Date of the Refunded Bonds, (B) the average annual debt service on the Refunding Bonds does not exceed the average annual debt service on the Refunded Bonds, and (C) the net proceeds of such Refunding Bonds are applied solely towards the legal defeasance of the Refunded Bonds and related costs of issuance, then, if BAM is requested to, and in its sole discretion determines to, offer a municipal bond insurance policy covering the Refunding Bonds (the "Refunding Policy") BAM will credit the then available Member Surplus Contribution for the Refunded Bonds against the insurance payment then charged with respect to the Refunding Bonds (proportionate to the amount of Refunding Bonds insured by BAM). If the Security Documents are silent on the matter of a legal defeasance, BAM may, in its sole and absolute discretion, accept such certificates, opinions and reports from or on behalf of the Member in connection with the issuance of such Refunding Bonds in order to establish to its satisfaction that the Refunding Bonds will be issued to retire the outstanding Refunded Bonds and that the Refunding Bonds comply with the criteria set forth in clause (3) of the preceding sentence for the purpose of determining whether a supplemental Member Surplus Contribution is or is not required to be made at that time.

(g) BAM covenants that it will provide notice to the Member (as soon as reasonably possible) of a change in the rating of BAM's financial strength by Standard & Poor's Rating Services.

**BUILD AMERICA MUTUAL  
ASSURANCE COMPANY**

A handwritten signature in black ink, consisting of several loops and a vertical line, positioned above a horizontal line.

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Authorized Officer

June 11, 2020

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Date




AGREED AND ACCEPTED

1. The undersigned agrees and accepts the conditions set forth above and further agrees that (i) if the Bonds (and any of the Bonds to be issued on the same date and for which BAM has issued a commitment) are insured by a policy of municipal bond insurance, such insurance shall be provided by BAM in accordance with the terms of this Commitment; (ii) it has made an independent investigation and decision as to whether to insure the payment when due of the principal of and interest on the Bonds and whether the Policy is appropriate or proper for it based upon its judgment and upon advice from such legal and financial advisers as it has deemed necessary; (iii) BAM has not made, and therefore it is not relying on, any recommendation from BAM that the Bonds be insured or that a Policy be obtained, it being understood and agreed that any communications from BAM (whether written or oral) referring to, containing information about or negotiating the terms and conditions of the Policy, and any related insurance document or the documentation governing the Bonds, do not constitute a recommendation to insure the Bonds or obtain the Policy; (iv) the undersigned acknowledges that BAM has not made any representation, warranty or undertaking, and has not given any assurance or guaranty, in each case, expressed or implied, as to its future financial strength or the rating of BAM's financial strength by the rating agency; (v) the undersigned acknowledges that a credit or claims-paying rating of BAM assigned by a Rating Agency reflects only the views of, and an explanation of the significance of any such rating may be obtained only from, the assigning Rating Agency, any such rating may change or be suspended, placed under review or withdrawn by such Rating Agency if circumstances so warrant, and BAM compensates a Rating Agency to maintain a credit or claims-paying ability rating thereon, but such payment is not in exchange for any specific rating or for a rating within any particular range; (vi) the undersigned acknowledges that BAM may in its sole and absolute discretion at any time request that a Rating Agency withdraw any rating maintained in respect of BAM; and (vii) BAM has made no representation that any dividend will be declared or paid while the Bonds are outstanding, the undersigned has no reason for expecting that any dividend will be declared or paid and the potential receipt of any dividend was not a reason for acquiring the Policy. Notwithstanding anything to the contrary set forth herein, upon issuance of the Policy, the provisions set forth under subparagraphs (ii) through (vii) above and the representations and agreements of BAM shall survive the expiration or termination of this Commitment.

Issuer: Brushy Creek Municipal Utility District, Texas  
Bonds: Unlimited Tax Bonds, Series 2020  
Insurance Payment: \$6,000.00

**BOK FINANCIAL SECURITIES, INC.**

By:   
Authorized Officer

6/12/20  
Date

**EXHIBIT A**

**DOCUMENT, PRINTING AND DISCLOSURE  
INFORMATION FOR  
PUBLIC FINANCE TRANSACTIONS**



## **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

### **DOCUMENT, PRINTING AND DISCLOSURE INFORMATION FOR PUBLIC FINANCE TRANSACTIONS**

This information is intended for use by bond counsel, the underwriters, financial advisors, printers and preparers of municipal bond offerings that will be insured in whole or in part by Build America Mutual Assurance Company ("BAM").

Prior to any reference to BAM in your marketing efforts, including, but not limited to any preliminary or final Official Statement and any rating agency presentation, in respect of a BAM-insured issue, BAM must receive an executed copy of its Commitment Letter. Blacklined copies of each draft of each transaction document, preliminary and final official statements with Appendices, and bond form(s) should be delivered to BAM for review and comment with reasonable opportunity to submit any comments prior to printing or execution, but in any event not less than three business days prior to execution. Such documents shall be delivered to the BAM attorney working on the transaction. If you are uncertain of the proper person to whom to deliver the documents, please email the documents to: [documents@buildamerica.com](mailto:documents@buildamerica.com). Please identify the issuer, obligor and issue name in the subject line of the email.

BAM will deliver to Bond Counsel, at the pre-closing for any such municipal bond offering (such offering to the extent insured by BAM, the "Insured Obligations"), assuming the requirements of the Commitment Letter have been met,

- an opinion of counsel as to the validity of the policy,
- a disclosure, no default and tax certificate of BAM, the executed policy and
- other certificates, if any, required in the transaction.

Prior to closing, BAM will obtain the rating letter from Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, relating to any Insured Obligations. Note that any questions with regards to rating agency fees should be directed to the rating agency.

**INDEX**

	<b><u>EXHIBIT NO.</u></b>
<b><u>DIRECTORY</u></b>	
Legal Department Directory .....	1
 <b><u>OFFICIAL STATEMENT</u></b>	
BAM Disclosure Information (for inclusion in the Official Statement) .....	2
 Specimen:	
Municipal Bond Insurance Policy .....	3
 <b><u>BOND FORM</u></b>	
Statement of Insurance (Language for Bond Form) .....	4
 <b><u>WIRE INSTRUCTIONS</u></b>	
Procedures For Premium Payment (including wire-transfer instructions) .....	5

**BAM DIRECTORY**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Telephone</u></b>	<b><u>Email</u></b>
<b><u>BAM ATTORNEYS</u></b>			
Brian Siper	Deputy Counsel	212-235-2562	bsiper@buildamerica.com
<b><u>CLOSING COORDINATORS</u></b>			
Patrice James		212-235-2559	pjames@buildamerica.com
<b><u>BAM ANALYST</u></b>			
Gia Calabrese		212-235-2576	gcalabrese@buildamerica.com

**BUILD AMERICA MUTUAL ASSURANCE COMPANY  
("BAM")  
DISCLOSURE INFORMATION  
(FOR INCLUSION IN THE OFFICIAL STATEMENT)**

The following are BAM's requirements for printing the preliminary and final official statements:

1. Both the preliminary and final official statements must contain the information set forth in these Exhibits and BAM must be provided with final drafts for its approval and sign off thereon at least two business days prior to the printing thereof;
2. Any changes made to the BAM Disclosure Information for inclusion in the preliminary and final official statements must first be approved by BAM, and
3. BAM must receive an electronic copy of the final official statement seven (7) days prior to closing, unless BAM shall have agreed to some shorter period.

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**TO BE PRINTED ON THE COVER OF THE OFFICIAL STATEMENT:**

The following language should be used when insuring:

**1. THE ENTIRE ISSUE:**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

**2. CAPITAL APPRECIATION BONDS:**

The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

**3. PARTIAL MATURITIES (LESS THAN ENTIRE ISSUE):**

The scheduled payment of principal of and interest on the Bonds maturing on \_\_\_\_\_ of the years \_\_\_\_\_ through \_\_\_\_\_, inclusive, with CUSIP #(s) \_\_\_\_\_ (collectively, the "Insured Bonds"), when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

**4. CERTIFICATES OR NOTES:**

Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

**PRINTER'S NOTE: USE BUILD AMERICA MUTUAL ASSURANCE COMPANY  
LOGO AND INK #PMS BLUE 2736; REDS 199, 201 AND 1817.**

**THE LOGO MAY BE OBTAINED FROM BAM'S WEBSITE**

**WWW.BUILDAMERICA.COM**

**THE LOGO MAY BE OBTAINED FROM BAM'S WEBSITE  
TO BE PRINTED IN THE BODY OF THE OFFICIAL STATEMENT OR AS AN EXHIBIT**

**USE THE FOLLOWING LANGUAGE WHEN INSURING THE ENTIRE ISSUE:**

**NOTE: The language under the subheading "Bond Insurance Policy" should be modified when insuring Capital Appreciation Bonds, Partial Maturities (less than the entire issue), Certificates and/or Notes.**

## **BOND INSURANCE**

### **BOND INSURANCE POLICY**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### **BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27<sup>th</sup> Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$459.6 million, \$126.1 million and \$333.5 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

### *Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [buildamerica.com/creditisights/](http://buildamerica.com/creditisights/). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at [buildamerica.com/obligor/](http://buildamerica.com/obligor/). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Disclaimers.** The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.



**The Bond Insurance language for the Official Statement under the subheading “Bond Insurance Policy” should be replaced with the following language when insuring:**

**1. CAPITAL APPRECIATION BONDS:**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

**2. PARTIAL MATURITIES (LESS THAN THE ENTIRE ISSUE):**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds maturing on \_\_\_\_\_ of the years \_\_\_\_\_ through \_\_\_\_\_, inclusive, with CUSIP #'s\_\_\_\_ (collectively, the “Insured Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

**3. CERTIFICATES OR NOTES:**

Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

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**TO BE PRINTED ON THE INSIDE COVER OF OFFICIAL STATEMENT  
AS PART OF THE DISCLAIMER STATEMENT:**

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “Bond Insurance” and “Exhibit \_\_ - Specimen Municipal Bond Insurance Policy”.

**Specimen Municipal Bond Insurance Policy**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIMEN

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

STATEMENT OF INSURANCE  
**(Language for the Bond Form)**  
*This form is not to be included in the Official Statement.*

**The Bonds shall bear a Statement of Insurance in the following form.**

**The following language should be used when insuring**

**1. THE ENTIRE ISSUE:**

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bond to **{insert name of paying agent or trustee}, {city or county}, {state}**, or its successor, [as paying agent for the Bonds (the “Paying Agent”)] [as trustee for the Bonds (the “Trustee”)]. Said Policy is on file and available for inspection at the principal office of the [Paying Agent] [Trustee] and a copy thereof may be obtained from BAM or the [Paying Agent] [Trustee]. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

**2. CAPITAL APPRECIATION BONDS:**

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of (or, in the case of Capital Appreciation Bonds, the accreted value) and interest on this Bond to **{insert name of paying agent or trustee}, {city or county}, {state}**, or its successor, as [paying agent for the Bonds (the “Paying Agent”)] as trustee for the Bonds (the “Trustee”)]. Said Policy is on file and available for inspection at the principal office of the [Paying Agent] [Trustee] and a copy thereof may be obtained from BAM or the [Paying Agent] [Trustee]. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

**3. PARTIAL MATURITIES (LESS THAN ENTIRE ISSUE):**

Build America Mutual Assurance Company (“BAM”), New York, New York, has delivered its municipal bond insurance policy (the “Policy”) with respect to the scheduled payments due of principal of and interest on this Bonds maturing on \_\_\_\_\_ of the years \_\_\_\_\_ through \_\_\_\_\_, inclusive (the “Insured Bonds”), to **{insert name of paying agent or trustee}, {city or county}, {state}**, or its successor, [as paying agent for the Bonds (the “Paying Agent”)] [as trustee for the Bonds (the “Trustee”)]. Said Policy is on file and available for inspection at the principal office of the [Paying Agent] [Trustee] and a copy thereof may be obtained from BAM or the [Paying Agent] [Trustee]. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents (i) to the subrogation and all other rights of BAM as more fully set forth in the Policy and (ii) that upon the occurrence and continuance of a default or an event of default under the Resolution or this Bond, BAM shall be deemed to be the sole owner of the Bonds for all purposes and shall be entitled to control and direct the enforcement of all rights and remedies granted to the owners of the Bonds or the trustee, paying agent, registrar or similar agent for the benefit of such owners under the [Resolution/Ordinance/Indenture], at law or in equity.

**4. CERTIFICATES OR NOTES:**

Change all references from the Bonds to Certificates or Notes wherever necessary, but **DO NOT** change the reference to the policy from Municipal Bond Insurance Policy.

**PROCEDURES FOR PREMIUM PAYMENT  
TO BAM**

*This form is not to be included in the Official Statement.*

BAM's issuance of its municipal bond insurance policy at bond closing is contingent upon payment and receipt of the premium. NO POLICY MAY BE RELEASED UNTIL PAYMENT OF SUCH AMOUNT HAS BEEN CONFIRMED. Set forth below are the procedures to be followed for confirming the amount of the premium to be paid and for paying such amount:

**Upon determination of the final debt service schedule, email or fax such schedule to the appropriate BAM Underwriter**

Gia Calabrese

Phone No.: 212-235-2576

Email: gcalabrese@buildamerica.com

**Confirm with the individual in our underwriting department that you are in agreement with respect to par and premium on the transaction prior to the closing date.**

Payment Date:           Date of Delivery of the Insured Bonds.

Method of Payment: Wire transfer of Federal Funds.

**Wire Transfer Instructions:**

<b>Bank:</b>	First Republic Bank
<b>ABA#:</b>	321081669
<b>Acct. Name:</b>	Build America Mutual Assurance Company
<b>Account No.:</b>	80001613703
<b>Policy No.:</b>	2020B0481 – <b>(Include in OBI Field)</b>

**CONFIRMATION OF PREMIUM**

BAM will accept as confirmation of the premium payment a wire transfer number and the name of the sending bank, to be communicated to the Closing Coordinator on the closing date:

Deneica Glenn	(212) 235-2552
Patrice James	(212) 235-2559
Claudette Littlejohn	(212) 235-2572
Nolan Miller	(212) 235-2511



**EXHIBIT C**

**BAM LEGAL OPINION AND CERTIFICATE**

[CLOSING DATE]

[ADDRESSEES (ISSUER, UNDERWRITER AND TRUSTEE)]

Re: Municipal Bond Insurance Policy No. [POLICY NO.] With Respect to  
\$\_\_\_\_\_ [Name of Issuer] (the "Issuer")  
\_\_\_\_\_ Bonds, Series \_\_\_\_\_ (the "Bonds")

Ladies and Gentlemen:

I am Counsel of Build America Mutual Assurance Company, a New York mutual insurance company ("BAM"). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by BAM of its above-referenced policy (the "Policy"). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. BAM is a mutual insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein.
2. The Policy has been duly authorized, executed and delivered by BAM.
3. The Policy constitutes the valid and binding obligation of BAM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of BAM and to the application of general principles of equity.
4. The issuance of the Policy qualifies [the Issuer] as a member of BAM until [the Bonds] are no longer outstanding. As a member of BAM, [the Issuer] is entitled to certain rights and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law. The Policy is non-assessable and creates no contingent mutual liability.

In addition, please be advised that I have reviewed the description of the Policy under the caption "BOND INSURANCE" in the official statement relating to the above-referenced Bonds dated [DATE] (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy referred to above, as of the date of the Official Statement or as of the date of

this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that I express no opinion with respect to any information contained in, or omitted from, "the Official Statement".

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

This letter and the legal opinions herein are intended for the information solely of the addressees hereof and solely for the purposes of the transactions described in the Official Statement and are not to be relied upon by any other person or entity (including, without limitation, any person or entity that acquires bonds from an addressee of this letter.) I do not undertake to advise you of matters that may come to my attention subsequent to the date hereof that may affect the conclusions expressed herein.

Very truly yours,

**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF  
BUILD AMERICA MUTUAL ASSURANCE COMPANY**

The undersigned hereby certifies on behalf of BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), in connection with the issuance by BAM of its Policy No. [POLICY NO.] (the “Policy”) in respect of the [\$AMOUNT] [NAME OF TRANSACTION] (the “Bonds”) that:

(i) The information set forth under the caption “BOND INSURANCE-BUILD AMERICA MUTUAL ASSURANCE COMPANY” in the official statement dated [DATE], relating to the Bonds (the “Official Statement”) is true and correct;

(ii) BAM is not currently in default nor has BAM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation;

(iii) The Policy is an unconditional and recourse obligation of BAM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds when due in the event of Nonpayment by the Issuer (as set forth in the Policy);

(iv) The insurance payment (inclusive of the sum of the Risk Premium and the Member Surplus Contribution) (the “Insurance Payment”) is solely a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to BAM as a condition to the issuance of the Policy;

(v) BAM will, for federal income tax purposes, treat the Insurance Payment as solely in consideration for the insurance risk it assumes in the Policy and not as consideration for an investment in BAM or its assets;

(vi) No portion of such Insurance Payment represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by BAM to maintain its rating, which, together with all other overhead expenses of BAM, are taken into account in the formulation of its rate structure, or for the provision of additional services by BAM, or represents a direct or indirect payment for any goods or services provided to the Issuer (including the right to receive a dividend), or the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor);

(vii) BAM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Insurance Payment, BAM will not use any portion of the Bond proceeds;

(viii) Except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by BAM;

(ix) (a) BAM has not paid any dividends to date, (b) BAM's Board of Directors has resolved that BAM's priorities for surplus, as it accumulates, will be to preserve capital strength and claims paying resources for the benefit of its members and secondarily to

return value by reducing premiums charged for its insurance, and (c) BAM has no current expectation that any dividends will be paid;

(x) BAM does not expect that a claim or any other payment will be made on or with respect to the Policy or by BAM to the Issuer; and

(xi) Neither the Issuer nor any other Obligor is entitled to a refund of the Insurance Payment for the Policy in the event a Bond is retired before the final maturity date.

BAM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

BUILD AMERICA MUTUAL  
ASSURANCE COMPANY

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Authorized Officer

Dated: [CLOSING DATE]

**Primary Market Disclosure Certificate  
[Bond Description] (the “Insured Bonds”)**

For the benefit of \_\_\_\_\_ (the “Issuer”), and acknowledging that the Issuer will be relying on the contents hereof in addressing certain tax and disclosure items and for other matters, Build America Mutual Assurance Company (“Build America”) makes the following representations and warranties as of the date hereof:

1. Neither Build America nor any affiliate of Build America has purchased, or has committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise;
2. Neither Build America nor any affiliate of Build America has entered into any agreement or understanding regarding the purchase or sale of the Insured Bonds, except for the insurance policies that Build America has provided regarding payments due under the Insured Bonds and the documentation associated with said insurance policies.

For the purposes of this certificate, “affiliate of Build America” means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Build America.

[dated as of the closing date]

Build America Mutual Assurance Company

By

\_\_\_\_\_  
Authorized Officer





## MUNICIPAL BOND INSURANCE POLICY

ISSUER: Brushy Creek Municipal Utility District, Texas

Policy No: 2020B0481

MEMBER: Brushy Creek Municipal Utility District, Texas

Effective Date: July 02, 2020

BONDS: \$2,100,000 in aggregate principal  
amount of Unlimited Tax Bonds, Series 2020

Risk Premium:	\$1,248.33
Member Surplus Contribution:	\$4,751.67
Total Insurance Payment:	\$6,000.00

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the



Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

IN WITNESS WHEREOF, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY



By: \_\_\_\_\_  
Authorized Officer

## Schedule A

### Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)



# BAM

July 02, 2020

Brushy Creek Municipal Utility District  
c/o McCall, Parkhurst & Horton L.L.P.  
600 Congress Avenue, Ste 1800  
Austin, TX 78701

BOK Financial Securities, Inc.  
1200 North Mayfair Road, Ste 303  
Milwaukee, WI 53226

Wells Fargo Bank, N.A.  
600 S 4th Sttreet, MAC N9300-060  
Minneapolis, MN 55415

RE: Policy: 2020B0481  
Member: Brushy Creek Municipal Utility District, Texas  
Bonds: Unlimited Tax Bonds, Series 2020

Date of the Official Statement: June 11, 2020

Ladies and Gentlemen:

I am Counsel of Build America Mutual Assurance Company, a New York mutual insurance company (“BAM”). You have requested my opinion in such capacity as to the matters set forth below in connection with the issuance by BAM of its above-referenced policy (the “Policy”). In that regard, and for purposes of this opinion, I have examined such corporate records, documents and proceedings as I have deemed necessary and appropriate.

Based upon the foregoing, I am of the opinion that:

1. BAM is a mutual insurance company duly organized and validly existing under the laws of the State of New York and authorized to transact financial guaranty insurance business therein and in the State of Texas.
2. The Policy has been duly authorized, executed and delivered by BAM.
3. The Policy constitutes the valid and binding obligation of BAM, enforceable in accordance with its terms, subject, as to the enforcement of remedies, to bankruptcy, insolvency, reorganization, rehabilitation, moratorium and other similar laws affecting the enforceability of creditors' rights generally applicable in the event of the bankruptcy or insolvency of BAM and to the application of general principles of equity.

4. The issuance of the Policy qualifies the Member as a member of BAM until the Bonds are no longer outstanding. As a member of BAM, the Member is entitled to certain rights and privileges as provided in BAM's charter and by-laws and as may otherwise be provided under New York law. The Policy is non-assessable and creates no contingent mutual liability.

In addition, please be advised that I have reviewed the description of the Policy under the caption "MUNICIPAL BOND INSURANCE" in the official statement related to the above-referenced Bonds (the "Official Statement"). There has not come to my attention any information which would cause me to believe that the description of the Policy, as of the date of the Official Statement or as of the date of this opinion, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Please be advised that except as described above, I express no opinion with respect to any information contained in, or omitted from, the Official Statement.

I am a member of the Bar of the State of New York, and do not express any opinion as to any law other than the laws of the State of New York.

This letter and the legal opinions herein are intended for the information solely of the addressees hereof and solely for the purposes of the transactions described in the Official Statement and are not to be relied upon by any other person or entity (including, without limitation, any person or entity that acquires bonds from an addressee of this letter.) I do not undertake to advise you of matters that may come to my attention subsequent to the date hereof that may affect the conclusions expressed herein.

Very truly yours,

A handwritten signature in black ink, consisting of a stylized, cursive script that appears to be the initials 'JJP'.



June 26, 2020

Carol Polumbo  
McCall, Parkhurst & Horton LLP  
600 Congress Avenue, Suite 1800  
Austin, TX 78701

BONDS: \$2,100,000 in aggregate principal amount of  
Brushy Creek Municipal Utility District, Texas  
Unlimited Tax Bonds, Series 2020

Dear Carol,

I am forwarding to you, to be held in escrow, our Municipal Bond Insurance Policy (the "Policy") and closing documentation, including our Opinion and Closing Certificates in connection with the above referenced Bonds.

In addition, I have included a rating letter from Standard & Poor's.

Before any document held in escrow can be released by you (upon our oral instruction), we must receive the following:

1. A copy of each executed approving opinion delivered by bond counsel and by other counsel, if appropriate, either addressed to BAM or together with a reliance letter addressed to BAM, as described in our Municipal Bond Insurance Commitment (the "Bond Commitment").
2. Evidence of wire transfer in federal funds in an amount equal to the Insurance Payment, as described in our Bond Commitment. Evidence of wire transfer shall be email or oral confirmation of the federal reserve wire reference number.

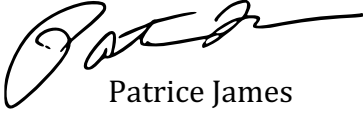
Please PDF Item 1 to my attention and contact me with respect to any other issues (instructions for wiring of funds are attached for your convenience.)

Please be reminded that, as provided in our Bond Commitment, all documentation with respect to the Bonds is subject to our review and approval.

As required by the Bond Commitment, please deliver by PDF or CD a complete transcript of the closing documents within 30 days of the closing date.

Please contact me if you have any questions. We look forward to a smooth closing process. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrice James', with a long horizontal flourish extending to the right.

Patrice James  
pjames@buildamerica.com  
212-235-2559



**DISCLOSURE, NO DEFAULT AND TAX CERTIFICATE OF  
BUILD AMERICA MUTUAL ASSURANCE COMPANY**

BAM Policy No.: 2020B0481

BONDS: \$2,100,000 in aggregate principal amount of  
Brushy Creek Municipal Utility District, Texas  
Unlimited Tax Bonds, Series 2020

Date of the Official Statement: June 11, 2020

The undersigned hereby certifies on behalf of BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), in connection with the issuance by BAM of its Policy referenced above (the "Policy") in respect of the Bonds referenced above (the "Bonds") that:

- (i) The information set forth under the caption "MUNICIPAL BOND INSURANCE-BUILD AMERICA MUTUAL ASSURANCE COMPANY" in the official statement referenced above, relating to the Bonds (the "Official Statement") is true and correct;
- (ii) BAM is not currently in default nor has BAM ever been in default under any policy or obligation guaranteeing the payment of principal of or interest on an obligation;
- (iii) The Policy is an unconditional and recourse obligation of BAM (enforceable by or on behalf of the holders of the Bonds) to pay the scheduled principal of and interest on the Bonds when due in the event of Nonpayment by the Issuer (as set forth in the Policy);
- (iv) The insurance payment (inclusive of the sum of the Risk Premium and the Member Surplus Contribution) (the "Insurance Payment") is solely a charge for the transfer of credit risk and was determined in arm's length negotiations and is required to be paid to BAM as a condition to the issuance of the Policy;
- (v) BAM will, for federal income tax purposes, treat the Insurance Payment as solely in consideration for the insurance risk it assumes in the Policy and not as consideration for an investment in BAM or its assets;
- (vi) No portion of such Insurance Payment represents an indirect payment of costs of issuance, including rating agency fees, other than fees paid by BAM to maintain its rating, which, together with all other overhead expenses of BAM, are taken into account in the formulation of its rate structure, or for the provision of additional services by BAM, or represents a direct or indirect payment for any goods or services provided to the Issuer (including the right to receive a dividend), or the direct or indirect payment for a cost, risk or other element that is not customarily borne by insurers of tax-exempt bonds (in transactions in which the guarantor has no involvement other than as a guarantor);
- (vii) BAM is not providing any services in connection with the Bonds other than providing the Policy, and except for the Insurance Payment, BAM will not use any portion of the Bond proceeds;
- (viii) Except for payments under the Policy in the case of Nonpayment by the Issuer, there is no obligation to pay any amount of principal or interest on the Bonds by BAM;
- (ix) (a) BAM has not paid any dividends to date, (b) BAM's Board of Directors has resolved that BAM's priorities for surplus, as it accumulates, will be to preserve capital strength and claims paying resources for the benefit of its members and secondarily to return value by reducing premiums charged for its insurance, and (c) BAM has no current expectation that any dividends will be paid;
- (x) BAM does not expect that a claim or any other payment will be made on or with respect to the Policy or by BAM to the Issuer; and
- (xi) Neither the Issuer nor any other Obligor is entitled to a refund of the Insurance Payment for the Policy in the event a Bond is retired before the final maturity date.

BAM makes no representation as to the nature of the interest to be paid on the Bonds or the treatment of the Policy under Section 1.148-4(f) of the Income Tax Regulations.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

A handwritten signature in black ink, consisting of a stylized 'J' followed by a vertical line and a loop.

By: \_\_\_\_\_  
Authorized Officer

Dated: July 02, 2020





## Primary Market Disclosure Certificate

Brushy Creek Municipal Utility District, Texas  
Unlimited Tax Bonds, Series 2020  
(the "Insured Bonds")

For the benefit of Brushy Creek Municipal Utility District, Texas (the "Issuer"), and acknowledging that the Issuer will be relying on the contents hereof in addressing certain tax and disclosure items and for other matters, Build America Mutual Assurance Company ("Build America") makes the following representations and warranties as of the date hereof:

1. Neither Build America nor any affiliate of Build America has purchased, or has committed to purchase, any of the Insured Bonds, whether at the initial offering or otherwise;
2. Neither Build America nor any affiliate of Build America has entered into any agreement or understanding regarding the purchase or sale of the Insured Bonds, except for the insurance policies that Build America has provided regarding payments due under the Insured Bonds and the documentation associated with said insurance policies.

For the purposes of this certificate, "affiliate of Build America" means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, Build America.

July 02, 2020

Build America Mutual Assurance Company

A handwritten signature in black ink, appearing to be the initials "JJP" or similar, written in a cursive style.

By: \_\_\_\_\_  
Authorized Officer