

\$8,140,000
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX REFUNDING BONDS,
SERIES 2020

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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 SPECIAL MEETING ON THE 11TH DAY OF FEBRUARY, 2020, at the designated meeting place, and roll was called of the duly constituted officers and members of the District, to wit:

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

and all of said persons were present, except the following absentees: Michael Tucker, 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

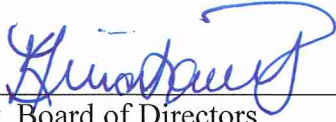
was duly introduced for the consideration of the District. It was then duly moved and seconded that the Order be passed; and, after due discussion, the motion, carrying with it the passage of the Order, prevailed and carried by the following vote:

AYES: 4
NOES: 0

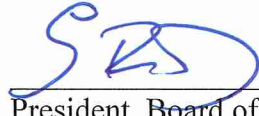
2. A true, full and correct copy of the aforesaid Order passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that the Order has been duly recorded in the Board's minutes of the Meeting; that the above and foregoing paragraph is a true, full 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 11th day of February, 2020.



Secretary, Board of Directors



President, Board of Directors



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

Adopted February 11, 2020

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**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**

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, 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 "Bond Election") 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 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 District currently has outstanding its obligations entitled: Unlimited Tax Bonds, Series 2005, Unlimited Tax Refunding Bonds, Series 2009, Unlimited Tax Refunding Bonds, Series 2010, Unlimited Tax Refunding Bonds, Series 2011, Unlimited Tax Refunding Bonds, Series 2012, Unlimited Tax Refunding Bonds, Series 2013, Waterworks and Sewer System Revenue Notes, Series 2016 and Unlimited Tax Refunding Bonds, Series 2019 (the "Outstanding Bonds"); and

WHEREAS, the District now desires to refund all or part of its Outstanding Bonds (the "Refundable Bonds," and those Refundable Bonds designated by the Pricing Officer in the Pricing Certificate, each as defined herein, to be refunded are herein referred to as the "Refunded Bonds"); and

WHEREAS, all of the Refunded Bonds mature or are subject to redemption prior to maturity within 20 years of the date of the refunding bonds hereinafter authorized; and

WHEREAS, the refunding bonds hereafter authorized are being issued and delivered pursuant to Chapter 1207, Texas Government Code, as amended ("Chapter 1207"); and

WHEREAS, Chapter 1207 authorizes the District to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Bonds or eligible trust company or commercial bank, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, Chapter 1207 further authorizes the District to enter into an escrow agreement ("Escrow Agreement") with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the District and such escrow agent may agree, provided that such deposits may be invested and reinvested in Defeasance Securities, as defined herein; and

WHEREAS, the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by Chapter 1207; and

WHEREAS, the Board of Directors of the District deems it advisable and in the best interest of the District to refund the Refunded Bonds in order to achieve a net present value debt service savings of not less than 3.00% of the principal amount of the Refunded Bonds net of any District contribution with such savings, among other information and terms to be included in a Pricing Certificate to be executed by the Chief Financial Officer or in his absence the General Manager of the District, all in accordance with the provisions of Chapter 1207, including Section 1207.007 thereof.

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 of 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, order 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:

"Accreted Value" means, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the Pricing Certificate and the Accretion Table attached as an exhibit to the Pricing Certificate relating to the Bonds that shows the Accreted Value per \$5,000 maturity amount on the calculation date of maturity to its maturity.

"Accretion Table" means the exhibit attached to the Pricing Certificate that sets forth the rounded original principal amounts at the Issuance Date for the Premium Compound Interest Bonds and the Accreted Values and maturity amounts thereof as of each Compounding Date until final maturity.

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

"Authorized Denominations" means the denomination of \$5,000 or any integral multiple thereof with respect to the Current Interest Bonds and the denomination of \$5,000 in maturity amount or any integral multiple thereof with respect to the Premium Compound Interest Bonds.

"Authorized Investments" means such investments authorized pursuant to the investment policy of the District and Chapter 2256 of the Government Code, as amended.

"Audit" means the audited financial statements of the District prepared by an independent auditor in accordance with the rules of the TCEQ in effect at such time.

"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.

"Bond Insurer" means the insurer of the bonds, if any, as designated in the Pricing Certificate.

"Bonds" shall mean and include collectively the Premium Compound Interest Bonds and Current Interest Bonds initially issued and delivered pursuant to this Bond Order and the Pricing Certificate and all substitute Bonds and 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" means this Bond Order of the Board of Directors authorizing the issuance of the Bonds.

"Business Day" means any day which is not a Saturday, Sunday or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"Compounded Amount" means, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof plus all interest accrued and compounded to the particular date of calculation.

"Compounding Date" means the dates on which interest is compounded on the Premium Compound Interest Bonds as set forth in the Accretion Table attached to the Pricing Certificate.

"Current Interest Bonds" shall mean the Bonds paying current interest and maturing in each of the years and in the aggregate principal amounts set forth in the Pricing Certificate.

"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 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, New York, or any successor securities depository.

"DTC Participant" means 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.

"Escrow Agent" means the escrow agent designated by the Pricing Officer in the Pricing Certificate or any successor escrow agent under the Escrow Agreement.

"Escrow Agreement" means the agreement by and between the District and the Escrow Agent relating to the defeasance of the Refunded Bonds.

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

"Federal Securities" as used herein 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 Section 4.04 (d) of this Bond Order.

"Interest Payment Date" means a date on which interest on the Current Interest Bonds is due and payable as set forth in the Pricing Certificate.

"Issuance Date" means the date of closing and delivery of the Bonds.

"Maturity Amount" means the Compounded Amount of a Capital Appreciation Bond due on its Maturity.

"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.

"Outstanding Bonds" means the bonds as set forth in the preamble to this Bond Order.

"Premium Compound Interest Bonds" shall mean the Bonds on which no interest is paid prior to maturity, maturing in various amounts and in the aggregate principal amount as set forth in the Pricing Certificate.

"Pricing Certificate" means the Pricing Certificate of the District's Pricing Officer to be executed and delivered pursuant to Section 3.02 hereof in connection with the issuance of the Bonds.

"Pricing Officer" means the President of the Board of Directors of the District or in his or her absence, the Treasurer of the Board of Directors of the District, acting as the designated pricing officer of the District to execute the Pricing Certificate.

"Record Date" means the close of business on the fifteenth calendar day of the month next preceding each Interest Payment Date, whether or not such dates are Business Days.

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

"Refundable Bonds" means the Outstanding Bonds of the District.

"Refunded Bonds" means those Refundable Bonds designated by the Pricing Officer in the Pricing Certificate to be refunded.

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

"Registrar" or "Paying Agent/Registrar" means the paying agent/registrar designated herein, or such other bank, trust company, financial institution, or other entity as designated by the Pricing Officer in the Pricing Certificate to act as paying agent and registrar for the Bonds in accordance with the terms of this Bond Order.

"Registration Books" means the books and records kept and maintained by the Paying Agent/Registrar relating to the registration, transfer, exchange and payment of the Bonds and the interest thereon.

"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.

"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.

"Underwriters" means the senior managing underwriter or initial purchaser as selected by the Pricing Officer, and such additional investment banking firms as the Pricing Officer deems appropriate.

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: "BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BOND," and the Bonds are hereby authorized to be issued and delivered in the maximum aggregate principal amount not to exceed \$12,000,000 for the purpose of refunding the Refunded Bonds and paying certain costs of issuing the Bonds. The title of each of the Bonds shall be designated by the year in which it is awarded pursuant to Section 3.02 below. The authority of the Pricing Officer to execute a Pricing Certificate shall expire at 5:00 p.m. C.D.T. on August 11, 2020. Bonds priced on or before 5:00 p.m. C.D.T. on August 11, 2020 may be delivered to the Underwriter after such date.

SECTION 3.02. DATE, DENOMINATIONS, NUMBERS, DELEGATION TO PRICING OFFICER. (a) There initially shall be issued, sold and delivered fully registered bonds, without interest coupons, which may be in the form of Current Interest Bonds or Premium Compound Interest Bonds, numbered consecutively from R-1 upward, in the case of Current Interest Bonds, and from PC-1 upward, and in the case of Premium Compound Interest Bonds (except the initial Bond delivered to the Attorney General of the State of Texas which shall be numbered T-1 and TPC-1, respectively) payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the Registered Owner or the Owner), in the denomination of \$5,000 or any integral multiple thereof with respect to Current Interest Bonds and in the denomination of \$5,000 in Maturity Amount or any integral multiple thereof with respect to Premium Compound Interest Bonds (each an "Authorized Denomination"), maturing not later than June 1, 2028, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in the Pricing Certificate to be executed and delivered by the Pricing Officer pursuant to subsection (b) of this Section. The Pricing Certificate is hereby incorporated in and made a part of this Bond Order.

(b) As authorized by Section 1207.007, Texas Government Code, as amended, the Pricing Officer is hereby authorized to act on behalf of the District in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded

Bonds" under this Bond Order and carrying out the other procedures specified in this Bond Order, including determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of Current Interest Bonds and Premium Compound Interest Bonds, the rate of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the District, as well as any mandatory sinking fund redemption provisions, obtaining a rating on the Bonds, including execution of a rating application, procuring municipal bond insurance, if any, from the applicable Bond Insurer selected by the Pricing Officer and approving modifications to this Bond Order related to the procurement of such insurance and executing such instruments, documents and agreements as may be necessary with respect thereto, if it is determined by the Pricing Officer that procuring such insurance would be financially desirable and advantageous and all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; provided that (i) the price to be paid for the Bonds shall not be less than 90% of the aggregate original principal amount thereof plus accrued interest thereon from its date to its delivery, (ii) none of the Bonds shall bear interest at a rate, or yield in the case of Premium Compound Interest Bonds, greater than the maximum authorized by law, and (iii) the refunding must produce a present value debt service savings of at least 3.00%, net of any District contribution. In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not to exceed the amount authorized in Section 3.01, which shall be sufficient to provide for the purposes for which the Bonds are authorized and to pay the costs of issuing the Bonds.

(c) To achieve advantageous borrowing costs for the District, the Bonds shall be sold on a negotiated, placement or competitive basis as determined by the Pricing Officer in the Pricing Certificate. In determining whether to sell the Bonds by negotiated, placement or competitive sale, the Pricing Officer shall take into account any material disclosure issues which might exist at the time, the market conditions expected at the time of the sale and any other matters which, in the judgment of the Pricing Officer, might affect the net borrowing costs on the Bonds.

If the Pricing Officer determines that the Bonds should be sold at a competitive sale, the Pricing Officer shall cause to be prepared a notice of sale and official statement in such manner as the Pricing Officer deems appropriate, to make the notice of sale and official statement available to those institutions and firms wishing to submit a bid for the Bonds, to receive such bids, and to award the sale of the Bonds to the bidder submitting the best bid in accordance with the provisions of the notice of sale. If the Pricing Officer determines that the Bonds should be sold by a negotiated sale or placement, the Pricing Officer shall designate the placement purchaser or the senior managing underwriter for the Bonds and such additional investment banking firms as the Pricing Officer deems appropriate to assure that the Bonds are sold on the most advantageous terms to the District (collectively, the "Underwriters"). The Pricing Officer, acting for and on behalf of the District, is authorized to enter into and carry out a purchase agreement or other agreement for the Bonds to be sold by negotiated sale or placement, with the underwriters or placement purchasers at such price, with and subject to such terms as determined by the Pricing Officer pursuant to Section 3(b) above.

In satisfaction of Section 1201.022(a)(3), Texas Government Code, the Board of Directors hereby determines that the delegation of the authority to the Pricing Officer to approve the method of sale and final terms and conditions of the Bonds as set forth in this Bond Order is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated in the Pricing Certificate will be, in the District's best interests and shall have the same force and effect as if such determination were made by the Board of Directors, and the Pricing Officer is hereby authorized to make and include in the Pricing Certificate an appropriate finding to that effect.

(d) The Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in this Bond Order to their respective dates of maturity or redemption at the rates per annum set forth in the Pricing Certificate.

The Premium Compound Interest Bonds shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded semiannually on the dates set forth in the Pricing Certificate (the "Compounding Dates") commencing on the date set forth in the Pricing Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Pricing Certificate. Attached to the Pricing Certificate, if Premium Compound Interest Bonds are to be issued, shall be an Exhibit (the "Accretion Table") that will set forth the rounded original principal amounts at the Issuance Date for the Premium Compound Interest Bonds and the Accreted Values and Maturity Amounts thereof (per \$5,000 Maturity Amount) as of each Compounding Date, commencing the date set forth in the Pricing Certificate, and continuing until the final maturity of such Premium Compound Interest Bonds. The Accreted Value with respect to any date other than a Compounding Date is the amount set forth on the Accretion Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Accretion Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date.

SECTION 3.03. RESERVED.

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 office for payment of the Registrar. The interest on each Bond shall be payable as set forth in the Pricing Certificate by check or draft 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 not a Business Day, then the date for such payment shall be the next succeeding Business Day, 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 REGISTRARS. 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 (the "Comptroller"), 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.

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 a 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 therefore 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 therewith.

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 canceled 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.

SECTION 4.04. BOOK-ENTRY-ONLY SYSTEM. (a) Book-Entry-Only System. The Bonds issued in exchange for the Initial Bond issued as provided in this subsection (d) 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 Registration Books, 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 Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Bond 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 Registration Books 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 Registration Books as provided in this Bond 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 Registration Books, shall receive a Bond evidencing the obligation of the District to make payments of principal, and interest pursuant to this Bond 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 Bond 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 Bond 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 Registration Books 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 Bond Order.

(c) Payments to Cede & Co. Notwithstanding any other provision of this Bond 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 Blanket Issuer Letter of Representations of the District to DTC.

(d) Initial Bond. The Bonds herein authorized shall be initially issued as a fully registered bond, being one Bond, and the Initial Bond shall be registered in the name of the Underwriter or the designees thereof. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Underwriter. Immediately after the delivery of the Initial Bond on the closing date, the Paying Agent/Registrar shall cancel the Initial Bond delivered hereunder and exchange therefor Bonds 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 DTC and except as provided in Section 3.02, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(e) DTC Blanket Issuer 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.

ARTICLE FIVE

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 5.01. REDEMPTION OF BONDS. The Bonds are subject to redemption as set forth in the Pricing Certificate.

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 and the Pricing Certificate. 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 REFUNDING BOND
SERIES 20__***

[FORM OF FIRST PARAGRAPHS OF CURRENT INTEREST BONDS]

NO. R- _____ **PRINCIPAL**
AMOUNT
\$ _____

INTEREST RATE DATE OF BONDS MATURITY DATE CUSIP NO.
_____*

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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 from the initial date of delivery of the Bonds, on _____* and semiannually on each _____* and _____* 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.

*As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

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 [Minneapolis, Minnesota]. 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 close of business on the fifteenth calendar day of the month (whether or not a business day) preceding each such date whether or not a business day (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 "Interest and Sinking 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.

**[FORM OF FIRST PARAGRAPHS
OF PREMIUM COMPOUND INTEREST BOND]**

NO. PC-

**MATURITY
AMOUNT**
\$ _____

INTEREST RATE **DATE OF BONDS** **MATURITY DATE** **CUSIP NO.**

_____*

REGISTERED OWNER:

MATURITY AMOUNT:

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 assigns (hereinafter called the "Registered Owner") the Maturity Amount set forth above, representing the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, calculated on the basis of a 360 day year comprised of twelve 30 day months, compounded semiannually on _____* and _____* of each year commencing _____, 20__*. For convenience of reference a table of the "Accreted Value" per \$5,000 Maturity Amount is printed on the reverse side of this Bond. The term "Accreted Value" as set forth in the table on the reverse side hereof shall mean the original principal amount plus initial premium per \$5,000 Maturity Amount compounded semiannually on _____* and _____* at the yield shown on such table.

THE MATURITY AMOUNT of this Bond is payable in lawful money of the United States of America, without exchange or collection charges. The Maturity Amount of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, at the designated office for payment of Wells Fargo Bank, N.A., which is the "Paying Agent/Registrar" for this Bond, and shall be drawn by the Paying Agent/Registrar on, and 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 Paying Agent/Registrar for such purpose as hereinafter provided, payable to the Registered Owner hereof, as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The District covenants with the Registered Owner of this Bond that on or before the Maturity Date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds of the Maturity Amount, when due. 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.

[FORM OF REMAINDER OF EACH BOND]

*As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

IF THE DATE for any payment due on this Bond shall be a Saturday, Sunday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, or day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed; 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 _____* and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal amount of \$_____*[constituting \$_____ Current Interest Bonds and \$_____ Premium Compound Interest Bonds]** **FOR PURPOSES OF REFUNDING THE REFUNDED BONDS AND PAYING CERTAIN COSTS OF ISSUING THE BONDS.** Terms used herein and not otherwise defined shall have the meanings given in the Bond Order.

ON _____, 20__* **OR ON ANY DATE THEREAFTER**, the Current Interest Bonds maturing on and after _____, 20__*, 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 Current Interest 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 Current Interest Bonds, or portions thereof within such maturity or sinking fund installment to be redeemed (provided that a portion of a Current Interest Bond may be redeemed only in integral multiples of \$5,000 of principal amount). [The Premium Compound Interest Bonds are not subject to redemption prior to maturity.]***

[**THE BONDS** maturing on _____, 20__ (the "Term Bonds") are subject to mandatory sinking fund redemption prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date.

Term Bonds Maturing _____, 20__	
Redemption Date	Principal Amount
_____, 20__	\$ _____
_____, 20__	_____ †

†Final Maturity

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option

*As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

** To be included only if Current Interest Bonds and Premium Compound Interest Bonds are both issued and completed as determined in the Pricing Certificate.

of the District by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with monies in the Interest and Sinking Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.]*

AT LEAST 30 calendar days prior to the date fixed for any optional redemption of Current Interest Bonds or portions thereof prior to maturity a written notice of such optional redemption shall be sent by the Registrar by United States mail, first-class postage prepaid, to the Registered Owner of each Current Interest Bond to be redeemed at its address as it appeared on the Register on the 45th calendar day prior to such optional redemption date and to 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 Current Interest Bonds or portions for which such payment is made, all as provided above. The Current Interest 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 Current Interest Bond shall be redeemed, a substitute Current Interest 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 Current Interest 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 Current Interest 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 Current Interest 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 Current Interest 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

* Use of Term Bonds, if any, to be determined by the Pricing Officer.

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, and to secure the Bonds and any other bonds of the District or such districts by a pledge of the net revenues of the consolidated system. 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 obligations in an amount sufficient to defease the Bonds is 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, whereunder the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on 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

(DISTRICT SEAL)

INSERTIONS FOR THE INITIAL BOND

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

A. immediately under the name of the Current Interest 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 of the Current Interest Bond shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED BELOW, 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 _____* in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Principal <u>Amount</u>	Maturity Date (_____)*	Interest <u>Rate</u>
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(Information from Pricing Certificate to be inserted)

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 _____* at the respective Interest Rate per annum specified above. Interest is payable on _____* and semiannually on each _____* and _____* thereafter 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 for a Current Interest Bond shall be numbered "T-1."

2. The Initial Premium Compound Interest 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, 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 assigns (hereinafter called the "Registered Owner") the Payment at Maturity on _____* in each of the years and in installments of the respective Maturity Amounts set forth in the following schedule:

*As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

<u>Principal Amount</u>	Maturity Date (____)*	Approx. Yield to Maturity	Stated Interest Rate	Amount Owed at Maturity
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(Information from Pricing Certificate to be inserted)

The amount shown above as the respective Maturity Amounts represent the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, compounded semiannually on _____* and _____* of each year commencing _____*. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table."

C. The initial Premium Compound Interest Bond shall be numbered "TPC-1."

SECTION 6.02. REGISTRATION OF INITIAL BOND BY STATE COMPTROLLER AND CERTIFICATE. The Initial Bond shall be registered by the Comptroller as provided by law. The registration certificate of the Comptroller 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 Bond:

**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)**

*As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds

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: _____

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:

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, without alteration or enlargement or any change whatsoever.

SECTION 6.05. CUSIP REGISTRATION. The Pricing Officer 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. (a) Pledge and Levy of Taxes. For each year while any Bond is outstanding and the District remains in existence, the Board shall consider the taxable property in the District and determine the actual rate of the bond tax and/or the maintenance tax per \$100 valuation of taxable property which is to be levied in that year, and levy the bond tax and/or the maintenance tax against all taxable property in the District.

- (i) Annual Budget. Prior to determining the bond tax and/or maintenance tax to be levied for any calendar year, the Board shall adopt an annual budget for the District setting forth the estimated expenditures and disbursements of the District's receipts, revenues, and funds, the estimated receipts, revenues and funds and the sources thereof, and the District's debt service for the succeeding fiscal year. The budget shall be developed in accordance with generally accepted accounting procedures, and shall contain such budgetary items and provisions as may be reasonably necessary to reflect adequately the operations and activities of the District for the annual period covered by the budget. The Board shall not determine the bond tax and/or maintenance tax to be levied for any calendar year until the Board has approved an annual budget for the expenditure and disbursement of the receipts, revenues and funds of the District.
- (ii) Establishment of District Interest and Sinking Fund and Levy of Bond Tax. A special fund or account, to be designated the Brushy Creek Municipal Utility District Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby confirmed and shall be established and maintained by the District at its official depository bank. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the District, and shall be used only for paying the principal, interest and redemption price of the Bonds. All taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds are outstanding and unpaid, the District shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the District, with full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to raise and produce the money required to make payment of the principal and interest on the Bonds. The rate and amount of ad valorem tax is

hereby ordered to be levied and is hereby levied without limit as to rate or amount against all taxable property in the District for each year while any of the Bonds are outstanding and unpaid, and such ad valorem tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. In determining the rate of tax to be levied, assessed and collected, the District may take into account the amount of funds on hand in the Interest and Sinking Fund. The ad valorem taxes are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as same become due.

(b) Perfection. Chapter 1208 of the Texas Government Code applies to the issuance of the Bonds and the pledge of taxes and revenues granted by the District under Section 7 of this Bond 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 taxes and revenues granted by the District under Section 7 of this Bond Order is to be subject to the filing requirements of Chapter 9 of the Texas 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 of the Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

SECTION 7.02. 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 7.03. 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.

ARTICLE EIGHT

FLOW OF FUNDS AND INVESTMENTS

SECTION 8.01. CREATION OF FUNDS. (a) Designation of Funds. The following funds are hereby created or affirmed:

- (i) the Operating Fund;
- (ii) Interest and Sinking Fund for the Bonds; and
- (iii) the Escrow Fund, if necessary.

Each fund shall be kept separate and apart from all other funds of the District. The Interest and Sinking Fund for the Bonds shall constitute a trust fund which shall be held in trust for the benefit

of the owners of the Bonds. All other funds shall be trust funds which shall be used solely as provided in this Bond Order until all of the Bonds have been retired, both as to principal and interest.

(b) Operating Fund. The operating fund of the District (the "Operating Fund") is hereby confirmed. The Operating Fund shall comprise the fund of the District used for operating and maintaining the System and paying general and administrative expenses of the District. The District shall deposit to the credit of the Operating Fund all income or increment which may grow out of the ownership and operation of the System and the District may deposit to the credit of the Operating Fund such other income or receipts of the District not otherwise required to be applied by this Bond Order. The Operating Fund shall be used solely (i) to pay all reasonable expenses of the administration, efficient operation, and adequate maintenance of the System, (ii) to transfer from time to time any excess to the credit of the Interest and Sinking Fund when needed to pay the obligations of the District payable therefrom, and (iii) to the extent the balance of the Interest and Sinking Fund and tax collections available for deposit thereto are sufficient to pay when due the obligations of the District payable from the Interest and Sinking Fund, to pay any other expense of the District.

SECTION 8.02. 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 8.03. INTEREST AND SINKING FUND; TAX LEVY. The Interest and Sinking Fund (the "Interest and Sinking Fund") shall comprise the interest and sinking fund of the District. The District shall deposit to the credit of the Interest and Sinking Fund (i) accrued interest, if any, on the Bonds from their date to the date of their delivery, (ii) collections of District taxes to the extent provided in Section 7.01 hereof and (iii) amounts transferred from the Operating Fund to the extent provided in paragraph (b) of Section 8.01 hereof. The Interest and Sinking Fund, including interest earnings or amounts deposited therein, shall be applied solely to pay the principal or redemption price of and interest on the Bonds when due, and the fees of the Paying Agent/Registrar.

SECTION 8.04. ESCROW FUND. If required, the escrow fund (the "Escrow Fund") shall be created and shall be governed by the terms of an Escrow Agreement, if any.

SECTION 8.05. INVESTMENTS; EARNINGS. Moneys deposited into the Interest and Sinking Fund and any other fund or funds which the District 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 Interest and Sinking 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.

ARTICLE NINE

APPLICATION OF FUNDS

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 Underwriter of the Bonds representing accrued interest, if any, on the Bonds from their date to the date of their actual delivery shall be deposited into the Interest and Sinking Fund.

SECTION 9.03. ESCROW/PAYMENT FUND. The proceeds from the sale of the Bonds after making the deposit hereinbefore provided and paying or making provisions for the payment of the costs in connection with issuing the Bonds, shall be deposited into the Escrow Fund or other payment fund as described in the Escrow Agreement, if necessary.

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 use all of the proceeds of the Bonds for the payment of principal, interest and redemption premium on the Refunded Bonds;

(2) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the Refunded Bonds or the projects financed or refinanced 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 of the Bonds or the Refunded Bonds or the projects financed or refinanced 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;

(3) 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 Refunded Bonds or the projects financed or refinanced 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;

(4) 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;

(5) 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;

(6) 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;

(7) 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,

(B) amounts invested in a bona fide Interest and Sinking 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;

(8) 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);

(9) 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 Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

(10) 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 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 of the Board of Directors, the General Manager and the Chief Financial Officer 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) Disposition of Project. The District covenants that the property constituting the projects financed or refinanced with the proceeds of the Bonds 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 the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Designation as Qualified Tax-Exempt Bonds. The Pricing Officer is authorized to designate the Bonds as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the District represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the District (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 (or such amount permitted by section 265 of the Code) of "qualified tax-exempt obligations" being issued; (b) that the District reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year in which the Bonds are issued, by the District (or any subordinate entities) will not exceed \$10,000,000 (or such amount permitted by section 265 of the Code); and, (c) that the District will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code. The Pricing Officer may modify the foregoing representations, covenants and

warranties in the Pricing Certificate as necessary and appropriate to comply with applicable provisions of the Code in existence at the time of pricing of the Bonds.

ARTICLE ELEVEN

ADDITIONAL BONDS AND REFUNDING BONDS

SECTION 11.01. ADDITIONAL BONDS. (a) Additional Bonds, Inferior Obligations and Refunding Bonds. The District expressly reserves the right to issue in one or more installments or issues, additional bonds heretofore voted but unissued and bonds hereafter voted and payable from a lien on and pledge of taxes and revenues on a parity with and of equal dignity with the pledge for the Bonds; and bonds, notes and other obligations of inferior liens. This District further reserves the right to issue refunding bonds, notes or other obligations in any manner permitted by law to refund any Bonds, Additional Bonds, bonds, notes or other obligations at or prior to their respective dates of maturity or redemption.

(b) Special Project Bonds. 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, sewer and/or drainage 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 11.02. OTHER BONDS. The District further reserves the right to issue 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.

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, the Outstanding Bonds, any Additional Bonds, or any other bonds issued by the District, at or prior to their respective dates of maturity or redemption.

ARTICLE TWELVE

DEFAULT PROVISIONS

SECTION 12.01. REMEDIES IN EVENT OF DEFAULT. (a) Events of Default. Each of the following occurrences or events for the purpose of this Bond 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 Bond Order, and, if such default is capable of cure, the continuation thereof for a period of sixty (60) days after notice of such default is given by any Registered Owner to the District.

(b) Remedies for Event of 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 its official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Bond 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 Bond Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Bond 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 Bond Order, such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Bond 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 Bond Order, or because of any Event of Default or alleged Event of Default under this Bond 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 Bond 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 (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent verification agent 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 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 Bond Order, and such principal and interest shall be payable solely from such money or Defeasance Securities and thereafter the District will have no further responsibility with respect to amounts available to such Paying Agent/Registrar (or other financial institution permitted by applicable law) for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the Paying Agent/Registrar (or other financial institution permitted by law) to receive payment when due on the 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, in accordance with this Bond Order. Any money so deposited with the Paying Agent/Registrar 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 pursuant to this Section which is not required for the payment of such Bond and Premium Compound Interest Bond, 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 Bond 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 Bond Order.

(d) Notwithstanding anything elsewhere in this Bond Order, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar 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. NO PERSONAL LIABILITY. No covenant or agreement contained in the Bonds, this Bond Order or any corollary instrument shall be deemed to be the covenant or agreement of any member of the Board or any officer, agent, employee or representative of the Board in his individual capacity, and neither the directors, officers, agents, employees or representatives of the Board nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountability by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

SECTION 14.04. 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 14.05. REGISTRAR MAY OWN BONDS. The Registrar, in its individual or any other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not Registrar.

SECTION 14.06. BENEFITS OF ORDER 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 14.07. 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 14.08. 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 14.09. 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 14.10. FURTHER PROCEEDINGS. The Pricing Officer and 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 shall be sold and delivered, pursuant to a bond purchase agreement by and between the District and Underwriter at a price and under the terms set forth in the Pricing Certificate.

SECTION 15.02. APPROVAL, REGISTRATION, AND DELIVERY. The 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 for registration. Upon registration of the Initial Bond, the Comptroller (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 Underwriter, but only upon receipt of the full purchase price.

SECTION 15.03 APPROVAL OF OFFERING DOCUMENTS, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT The Pricing Officer is hereby authorized to approve the Preliminary Official Statement and the Official Statement relating to the Bonds and any addenda, supplement or amendment thereto, and to deem such document final in accordance with Rule 15c2-12, the Board further approves the distribution of such Official Statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as the Pricing Officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

The Paying Agent/Registrar Agreement by and between the District and Wells Fargo Bank, N.A. ("Paying Agent Agreement") is hereby approved and the Pricing Officer is hereby authorized and directed to complete, amend, modify and execute the Paying Agent Agreement as necessary.

The discharge and defeasance of Refunded Bonds shall be effectuated pursuant to the terms and provisions of an escrow or other agreement, in the form and containing the terms and provisions as shall be approved by a Pricing Officer, including any insertions, additions, deletions, and modifications as may be necessary (a) to carry out the program designed for the District by the underwriters or purchasers, (b) to maximize the District's present value savings and/or to minimize the District's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Bonds and (d) to carry out the other intents and purposes of this Bond Order; and, the Pricing Officer is hereby authorized to execute and deliver such escrow or other agreement, on behalf of the District, in multiple counterparts.

To maximize the District's present value savings and to minimize the District's costs of refunding, the District hereby authorizes and directs that certain of the Refunded Bonds shall be called for redemption prior to maturity in the amounts, at the dates and at the redemption prices

set forth in the Pricing Certificate, and the Pricing Officer is hereby authorized and directed to take all necessary and appropriate action to give or cause to be given a notice of redemption to the holders or paying agent/registrars, as appropriate, of such Refunded Bonds, in the manner required by the documents authorizing the issuance of such Refunded Bonds.

The Pricing Officer and the Escrow Agent, if any, are each hereby authorized (a) to subscribe for, agree to purchase, and purchase Defeasance Securities that are permitted investments for a defeasance escrow established to defease Refunded Bonds, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved, and (b) to authorize such contributions to the escrow fund as are provided in the Escrow Agreement.

SECTION 15.04. REFUNDING OF REFUNDED BONDS. That concurrently with the delivery of the Bonds, the Pricing Officer shall cause to be deposited an amount from the proceeds of the sale of the Bonds with the Escrow Agent sufficient, together with other legally available funds of the District, to provide for the refunding and defeasance of the Refunded Bonds. The Pricing Officer is further authorized and directed to apply and there is hereby appropriated such moneys of the District as are necessary to fund the escrow fund to be established by the Escrow Agreement with amounts sufficient to provide for the defeasance of the Refunded Bonds on the date of delivery of the Bonds. The Pricing Officer is hereby authorized and directed to issue to the Escrow Agent Notice of Redemption with respect to the Refunded Bonds in substantially the form that is set forth in Exhibit "A" hereto with such changes as necessary in accordance with the Pricing Certificate.

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 District 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 Registration Books 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

OTHER ACTIONS AND MATTERS

SECTION 18.01. OTHER ACTIONS. The President, Vice President, Secretary or Assistant Secretary of the Board of Directors and the General Manager and Chief Financial Officer of the District, 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 initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, any insurance commitment letter or insurance policy and the Official Statement. In addition, prior to the initial delivery of the Bonds, President, Vice President, Secretary or Assistant Secretary of the Board of Directors and the General Manager and Chief Financial Officer 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, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

SECTION 18.02. ADDITIONAL BOND INSURANCE PROVISIONS. The Pricing Officer is authorized to determine whether the Bonds sell with bond insurance and any provisions related to such insurance as evidenced in the Pricing Certificate in accordance with Section 1207.007(b)(5) of the Texas Government Code, as amended.

SECTION 18.03. 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 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.

ARTICLE NINETEEN

CONTINUING DISCLOSURE

SECTION 19.01. 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 final Official Statement authorized by Section 15.03 of this Bond Order, being the information as designated by the Pricing Officer in the Pricing Certificate. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described 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 twelve months after any such fiscal year end, then the District shall provide unaudited financial statements within such twelve month period, and audited financial statements for the applicable fiscal year, 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 Notices. The District shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten 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.

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 subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

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.

(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.

EXHIBIT "A"

FORM OF NOTICES OF REDEMPTION/DEFEASANCE*

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

Notice is hereby given that the following obligations issued by Brushy Creek Municipal Utility District (the "District") have been defeased and called for redemption prior to their scheduled maturities, at a price of par and accrued interest to the date of redemption, to-wit:

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX BONDS, SERIES ____*, all outstanding obligations maturing on ____* in each of the years ____* through ____*, inclusive, aggregating \$_____* in principal amount.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>CUSIP**</u>
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Due provision for the payment of the above-described obligations has been made with Wells Fargo Bank, N.A. (the "Bank"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

First Class Certified Wells Fargo Bank, NA Corporate Trust Operations MAC N9303-12 PO BOX 1517 Minneapolis, MN 55480	Overnight & Courier Wells Fargo Bank, NA Corporate Trust Services, 12 th Floor MAC N9303-121 6 th & Marquette Ave. Minneapolis, MN 55479	In Person Northstar East Building Corporate Trust Operations 608 2 nd Avenue South Minneapolis, MN
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Interest on the redeemed obligations shall cease to accrue thereon after their redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

*To be revised to conform with the Pricing Certificate.

**The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The District and Paying Agent shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein or as printed on any Bond.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

EXHIBIT "B"

CONTINUING DISCLOSURE UNDERTAKING

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.

\$8,140,000

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

BOND PURCHASE AGREEMENT

April 16, 2020

Board of Directors
Brushy Creek Municipal Utility District
16318 Great Oak Drive
Round Rock, Texas 78701

Dear Board of Directors:

The undersigned, Raymond James & Associates Inc. (“**Underwriter**”) offers to enter into this Bond Purchase Agreement (“**Agreement**”) with Brushy Creek Municipal Utility District (“**District**”). This offer is made subject to the District’s acceptance of this Agreement on or before 10:00 p.m., Round Rock, Texas, Time on the date hereof.

1. Purchase and Sale of the Bonds. On the terms and conditions and in reliance on the representations set forth herein, the Underwriter hereby agrees to purchase from the District at the Purchase Price set forth below, and the District hereby agrees to sell and deliver to the Underwriter at Closing (hereinafter defined), all (but not less than all) of the Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020 in the aggregate principal amount of \$8,140,000 (“**Bonds**”). The Bonds shall be dated May 1, 2020, and shall bear interest at the rate or rates per annum, mature on the dates, and be sold to the public at the prices all as shown on **Exhibit A** attached hereto. Interest on the Bonds shall accrue from May 1, 2020, and is payable on December 1, 2020, and semiannually thereafter on June 1 and December 1 in each year until maturity.

Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms that the Underwriter is not acting as a fiduciary or agent of the District, but rather is acting solely in its capacity as Underwriter for its own account. The District acknowledges and agrees that (i) the primary role of the Underwriter, as Underwriter is to purchase securities for resale to investors in an arm’s length transaction between the District and the Underwriter; (ii) the Underwriter, as Underwriter, has financial and other interests that differ from those of the District; (iii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District and has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided or are currently providing other services to the District on other matters); (iv) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Agreement; (v) the District has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate; and (vi) the Underwriter has provided to the District prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board (“**MSRB**”), which have been received by the District. The District has engaged a municipal advisor to advise it on this transaction.

2. **Purchase Price.** The “Purchase Price” for the Bonds shall be \$8,674,877.30 (representing the principal amount of the Bonds of \$8,140,000, less an Underwriter’s discount of \$58,096, plus net premium on the Bonds of \$592,973.30), plus accrued interest on the Bonds from their dated date until the date of Closing. The Purchase Price shall be payable on the date of Closing by the Underwriter to or as directed by the District by wire transfer in immediately available funds or as otherwise agreed by the District and Underwriter.

3. **Bond Order.** The Bonds shall be issued and secured under the provisions of the order adopted by the District on February 11, 2020, and the Pricing Certificate of even date herewith executed pursuant thereto (collectively, “**Bond Order**”) which Bond Order shall approve and contain the pricing information set forth in this Agreement and **Exhibit A** hereto. The Bonds shall be secured and payable as provided in the Bond Order.

4. **Establishment of Issue Price of Bonds.** Notwithstanding any provision of this Bond Purchase Agreement to the contrary, the following provisions related to the establishment of the issue price of the Bonds apply:

(a) *Definitions.* For purposes of this Paragraph, the following definitions apply:

(i) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Participating Underwriter or a Related Party to a Participating Underwriter.

(ii) “*Participating Underwriter*” means (A) any person that agrees pursuant to a written contract with the District (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public).

(iii) “*Related Party*” means any two or more persons who are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(iv) “*Sale Date*” means the date of execution of this Bond Purchase Agreement by all parties.

(b) *Issue Price Certificate.* The Underwriter agrees to assist the District in establishing the issue price of the Bonds and to execute and deliver to the District at Closing an “issue price” or similar certificate,

together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit B**, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the initial offering price (“Initial Offering Price”) or prices or the sales price or prices to the Public of the Bonds.

(c) *Substantial Amount Test.* Other than those maturities of the Bonds which are designated by the Underwriter in writing (“Hold-the-Price Maturities”), the District will treat the first price at which at least ten percent (“Substantial Amount”) in principal amount of each maturity of the Bonds is sold to the Public as of the Sale Date (“Substantial Amount Test”) as the issue price of that maturity (or each separate CUSIP number within that maturity). At or promptly after the execution of this Bond Purchase Agreement, the Underwriter will report to the District the price or prices at which the Underwriter has offered and sold to the Public each maturity of the Bonds. If at that time the Substantial Amount Test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which the Bonds have been sold by the Underwriter to the Public. That reporting obligation will continue, whether or not the Closing Date has occurred, until the Substantial Amount Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold to the Public.

(d) *Hold-The-Price Restriction.* The Underwriter agrees that each Participating Underwriter will neither offer nor sell any of the Hold-the-Price Maturities to any person at a price that is higher than the applicable Initial Offering Price for such maturity during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Participating Underwriter have sold a Substantial Amount of such a Maturity to the Public at a price that is no higher than the Initial Offering Price of such Maturity (“Hold-the-Price Restriction”).

The Underwriter shall promptly advise the District when the Participating Underwriter have sold a Substantial Amount of each such Hold-The-Price Maturity to the Public at a price that is no higher than the applicable Initial Offering Price such Hold-The-Price Maturity, if that occurs prior to the close of the fifth business day after the Sale Date.

The District acknowledges that, in making the representation set forth in this subparagraph, the Underwriter will rely on (A) the agreement of each Participating Underwriter to comply with the Hold-The-Price Restriction, as set forth in an agreement among underwriters and the related pricing wires, (B) in the event a selling group has been created in connection with the sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the Hold-The-Price Restriction, as set forth in a selling group agreement and the related pricing wires, and (C) in the event that a Participating Underwriter is a party to a third-party distribution agreement that was employed in connection with the sale of the Bonds, the agreement of each such underwriter, dealer or broker-dealer that is a party to such agreement to comply with the Hold-The-Price Restriction, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Participating Underwriter will be solely liable for its failure to comply with its agreement regarding the Hold-the-Price Restriction and that no Participating Underwriter will be liable for the failure of any other Participating Underwriter to comply with its corresponding agreement regarding the Hold-The-Price Restriction as applicable to the Bonds.

(e) *Agreements Among Participating Underwriters.* The Underwriter confirms that (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement to which the Underwriter is a party relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of any selling group, and each broker-dealer that is a party to any such retail distribution agreement, as applicable, to (A)

report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until it is notified by the Underwriter that either the Substantial Amount Test has been satisfied as to the Bonds of that maturity or all Bonds if that maturity have been sold to the Public, (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the relating pricing wires, and (C) acknowledge that, unless otherwise advised by the Participating Underwriter, the Underwriter will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each Participating Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter or the applicable Underwriter that either the Substantial Amount Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the Public and (B) comply with the Hold-the-Price Restriction, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the relating pricing wires, and

(f) *Sale to Related Party not a Sale to the Public.* The Underwriter acknowledges that sales of any Bonds to any person that is a Related Party to an Underwriter does not constitute sales to the Public for purposes of this Section. If a Related Party to an Underwriter purchases during the initial offering period all of a Hold-The-Price Maturity, the related Underwriter will notify the Underwriter and will take steps to confirm in writing that such Related Party will either (i) hold such Bonds for its own account, without present intention to sell, reoffer, or otherwise dispose of such Bonds for at least five business days from the Sale Date, or (ii) comply with the Hold-The-Price Restriction.

5. Preliminary Official Statement and Official Statement. The Preliminary Official Statement, dated April 14, 2020 (as amended or supplemented through the date hereof, “**Preliminary Official Statement**”) has been prepared by the District for the use by the Underwriter in connection with the public offering, sale and distribution of the Bonds. The District confirms its consent to the use and distribution by the Underwriter prior to the date hereof of the Preliminary Official Statement. The District hereby represents and warrants that the Preliminary Official Statement was deemed final by the District as of its date, except for the omission of such information which is dependent upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 of the United States Securities and Exchange Commission (“**SEC**”) under the Securities Exchange Act of 1934 (“**Rule 15c2-12**”). The Official Statement, dated April 16, 2020, including the cover page and Appendices thereto, as further amended or supplemented only in the manner hereinafter provided, is hereinafter called the “**Official Statement.**” **Exhibit A** hereto is the inside cover page of the Official Statement of the District with respect to the Bonds. The District hereby authorizes the Official Statement and the information therein contained to be used by the Underwriter in connection with the public offering and sale of the Bonds. The District agrees to cooperate with the Underwriter to provide a supply of final Official Statements within seven business days of the date hereof in sufficient quantities (not to exceed 250), and in such printed or electronic form as is sufficient, to comply, and the Underwriter agrees to comply, with the Underwriter’s obligations under applicable MSRB Rules and Rule 15c2-12 of the SEC. The District further specifically agrees to cooperate with the Underwriter to provide such information as is reasonably necessary for the Underwriter to comply with the filing requirements of MSRB Rule G-32. Unless otherwise notified in writing by the Underwriter, the “end of the underwriting period” for the purposes of Rule 15c2-12 is the date of Closing.

6. Representations, Warranties and Agreements of District. On the date hereof, the District represents, warrants and agrees as follows:

(a) The District is a duly created and existing municipal utility district and operates pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54, Texas Water Code, as amended, and has full legal right, power and authority (i) to issue the Bonds, (ii) to authorize and approve the Preliminary Official Statement and the Official Statement and to authorize and approve their distribution by the Underwriter, (iii) to enter into this Agreement, (iv) to adopt the Bond Order and to carry out and consummate the actions contemplated thereby, and (v) to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(b) The District has complied, and will be at the date of Closing in compliance, in all material respects, with the Constitution and laws of the State of Texas in connection with the authorization, issuance and sale of the Bonds;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has duly authorized and approved (i) the Bond Order, (ii) the execution and delivery of the Bonds, (iii) this Agreement, and (iv) the performance by the District of its obligations contained in the Bond Order, and this Agreement, and such documents constitute legal, valid and binding obligations of the District, enforceable in accordance with their respective terms, subject to governmental immunity, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights;

(d) To the knowledge of the District, the District is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State of Texas or the United States or any applicable judgment or decree or any loan agreement, note, resolution, agreement or other instrument, except as may be disclosed in the Official Statement, to which the District is a party or is otherwise subject, which would have a material and adverse effect upon the business or financial condition of the District; and the District's approval and acceptance of this Agreement, execution and delivery of the Bonds, and adoption of the Bond Order, and compliance with the provisions of each thereof will not violate or constitute a material breach of or default under any existing law, administrative regulation, judgment, decree or any agreement or other instrument to which the District is a party or, to the knowledge of the District, is otherwise subject;

(e) All approvals, consents and orders of any governmental authority or agency having jurisdiction which approval, consent or order would constitute a condition precedent to the performance by the District of its obligation to issue the Bonds hereunder will have been obtained prior to the Closing;

(f) The Preliminary Official Statement did not, and at the time of the District's acceptance hereof, the Official Statement does not, and at the time of the Closing, the Official Statement will not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading insofar as information within the knowledge of the District is concerned;

(g) The audited financial statements of the District as of September 30, 2019, contained in the Official Statement present fairly the financial position as of such date, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles, and there has been no material adverse change in the financial condition of the District since September 30, 2019;

(h) Between the date of this Agreement and Closing, other than the District's pending \$1,795,000 Sendero Springs and Cornerstone Defined Area Unlimited Tax Refunding Bonds, Series 2020, the District will not, without the prior written consent of the Underwriter, issue any additional bonds, notes or other obligations for borrowed money payable in whole or in part from ad valorem taxes;

(i) Except as described in the Official Statement, no litigation is pending or, to the knowledge of the District, threatened in any court affecting the existence of the District, the title of its officers to their respective offices, or seeking to restrain or enjoin the issuance or delivery of the Bonds, the levy or the collection of taxes pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the issuance, execution, delivery, payment, security or validity of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bond Order or this Agreement, or contesting the powers of the District, or any authority for the Bonds, the Bond Order or this Agreement or contesting in any way the completeness, accuracy or fairness of the Preliminary Official Statement or the Official Statement;

(j) Although the District assumes no responsibility for the registration or qualification of the Bonds under the securities law of any jurisdiction, the District will cooperate with the Underwriter, at the Underwriter's request, in arranging for the qualification of the Bonds for sale and the determination of their eligibility for investment under the securities laws of such jurisdictions as the Underwriter designates, and will, at the Underwriter's request, use its best efforts to continue such qualifications in effect so long as required for the initial distribution of the Bonds; provided, however, that the District will not be required to execute a general consent to service of process or to qualify to do business in connection with any such qualification in any jurisdiction;

(k) The descriptions contained in the Official Statement of the Bonds and the Bond Order accurately reflect the provisions of such instrument, and the Bonds, when validly executed, authenticated and delivered in accordance with the Bond Order and sold to the Underwriter as provided herein, will be validly issued and outstanding direct obligations of the District, entitled to the benefits of, and subject to the limitations contained in, the Bond Order; and

(l) If after the date of this Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to customers who request the same pursuant to Rule 15c2-12, an event occurs of which the District has knowledge and which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter, and if in the opinion of the District or the Underwriter such event requires a supplement or amendment to the Official Statement, or if it is necessary to amend or supplement the Official Statement to comply with Rule 15c2-12 or any other applicable laws, the District will supplement or amend the Official Statement in a form and in a manner jointly approved by the District and the Underwriter, such that the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading. If such supplement or amendment shall be subsequent to the Closing, the District shall furnish such certificates, instruments and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

7. Closing.

(a) At 10:00 A.M., Round Rock, Texas, time, on May 20, 2020, or at such other time and date as shall have been mutually agreed upon by the District and the Underwriter (“**Closing**”), the District will, subject to the terms and conditions hereof, deliver the initial Bonds to Wells Fargo Bank, N.A., in Minneapolis, Minnesota (“**Registrar**”) as delivery agent for the Underwriter, duly executed and authenticated, and registered in the name of the Underwriter, in temporary form, together with the other documents required by Section 8 hereof, and the Registrar, as delivery agent for the Underwriter, will, subject to the terms and conditions hereof, accept such delivery, and the Underwriter will pay the Purchase Price plus accrued interest as set forth in Section 2 of this Agreement by delivering to the District a wire transfer of immediately available funds in the amount of the Purchase Price plus accrued interest.

(b) Delivery of the definitive Bonds in exchange for the initial Bonds shall be made through DTC, or deposited with the Registrar, if the Bonds are to be held in safekeeping for DTC by the Registrar pursuant to DTC’s FAST system, utilizing the book-entry-only form of issuance. The District has entered into or agrees to enter into such agreements, including a “Blanket Letter of Representations,” as may be required to allow for the use of such book-entry-only system. The definitive Bonds shall be delivered in fully registered form bearing CUSIP numbers without coupons with one Bond for each maturity. The definitive Bonds shall be registered in the name of CEDE & Co. and shall be made available to the Underwriter at the offices of the Registrar at least one (1) business day before the Closing for purposes of inspection, except that the failure to include CUSIP numbers or the printing of an incorrect CUSIP number on any Bond shall not be a default under this Agreement.

8. Conditions to Closing. The Underwriter has entered into this Agreement in reliance upon the representations and warranties of the District contained herein and to be contained in the documents and instruments to be delivered at the Closing, and upon the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriter’s obligations under this Agreement to purchase and pay for the Bonds shall be subject to the performance by the District of its obligations to be performed hereunder and under such documents and instruments executed at or prior to the Closing, and shall also be subject to the following conditions:

(a) The representations and warranties of the District contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of Closing, as if made on the date of Closing;

(b) At the time of the Closing, the Bond Order shall be in full force and effect, the Bond Order shall not have been amended, modified or supplemented and the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter;

(c) At the time of the Closing, all official actions of the District related to the Bond Order shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter;

(d) The District shall not have failed to pay principal or interest when due on any of its outstanding obligations for borrowed money;

(e) At or prior to the Closing, the Underwriter shall have received each of the following documents:

(1) The Official Statement and any supplement or amendment thereto as may have been agreed to by the Underwriter;

(2) The Bond Order duly certified by the Secretary or Assistant Secretary of the Board of Directors and an executed Pricing Certificate, both as in effect, with such changes or amendments as may have been agreed to by the Underwriter;

(3) The approving opinion of the Attorney General of Texas relating to the Bonds, certified by a Certificate of the Comptroller of Public Accounts of the State of Texas, dated on or prior to the date of Closing;

(5) The opinion, dated the date of Closing, of McCall, Parkhurst & Horton L.L.P., Bond Counsel, to the effect described in the Official Statement and in form and substance acceptable to the Underwriter concerning the validity of the Bonds under Texas law and the excludability of interest on the Bonds from gross income for federal income tax purposes;

(6) The supplemental opinion, dated the date of Closing, of McCall, Parkhurst & Horton L.L.P., addressed to the District and the Underwriter to the effect that, in its capacity as Bond Counsel, such firm has reviewed the information contained under the captions “PLAN OF FINANCING – Escrow Agreement,” “THE BONDS (except for the subcaption “Book-Entry-Only System”),” “LEGAL MATTERS,” “TAX MATTERS,” AND “CONTINUING DISCLOSURE OF INFORMATION” (except for the subcaption “Compliance with Prior Undertakings”) contained in the Official Statement, and such firm is of the opinion that such information, insofar as it relates to matters of law, is true and correct and fairly summarizes matters of law and provisions of the documents referred to therein;

(7) An opinion from The Muller Law Group, PLLC, Underwriter’s Counsel, dated the date of the Closing, addressed to the Underwriter to the effect that the Bonds are exempted securities as described in Section 3(a)(2) of the Securities Act of 1933, as amended, and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended, to the extent provided in such Acts, and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Bond Order under the Trust Indenture Act of 1939, as amended. The opinion of such firm shall also state that, based upon its participation in the preparation of the Official Statement, such Counsel has no reason to believe that the Official Statement (except for 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, if applicable, and information concerning The Depository Trust Company and the book-entry system for the Bonds, contained or incorporated by reference, as to which no view is expressed), as of the date thereof, contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(8) A certificate, dated the date of Closing, signed by the President or Vice President of the Board of Directors of the District in his or her official capacity, to the effect that (i) the representations and warranties of the District contained herein 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)

except to the extent disclosed in the Official Statement, no litigation is pending or, to the knowledge of the District, 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 this 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 Underwriter may, in their sole discretion, accept certificates or opinions of counsel of the District that, in his or her 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 Underwriter, and is in full force and effect; (iv) to the best of his or her 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;

(9) A certificate, dated the date of Closing, of an appropriate officer of the Board of Directors of the District to the effect that, on the basis of the facts, estimates and circumstances in effect on the date of delivery of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (“**Code**”);

(10) A copy of a special report (“**Verification Report**”) prepared by the independent Certified Public Accountants named in the Official Statement, addressed to the District, Bond Counsel, and the Underwriter verifying (i) the mathematical computations of the adequacy of the cash in the Payment Account to pay, as described in the Bond Order, when due or upon early redemption, the principal of, interest on and related call premium requirements, if any, of the Refunded Bonds, and (ii) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes;

(11) Letters of representation addressed to the District and the Underwriter from each of the following individuals or entities in form and substance satisfactory to the Underwriter:

- (A) Engineer for the District; and
- (B) Auditor for the District.

(12) Evidence of the rating of S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, of no less than “AA-” (stable outlook) on the Bonds; and

(13) Such additional legal opinions, certificates, instruments and other documents as Bond Counsel or Underwriter's Counsel may reasonably request to evidence the truth, accuracy and completeness, as of the date hereof and as of the date of Closing, of the District's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance and satisfaction by the District at or prior to the date of Closing of all agreements then to be performed and all conditions then to be satisfied by the District.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be in form and substance satisfactory to Bond Counsel and Underwriter's Counsel.

If the District shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds, as set forth in this Agreement, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate, and neither the Underwriter nor the District shall be under further obligation hereunder, except that the respective obligations of the District and the Underwriter set forth in Paragraph 10 hereof shall continue in full force and effect.

9. Termination. The Underwriter may terminate their obligation to purchase the Bonds, if at any time after the date hereof, but before Closing, any of the following should occur:

(a) (i) Legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States, (by press release or other form of written notice, but expressly not including posting on a social media platform), or Treasury Department of the United States or the Internal Revenue Service, or favorably reported for passage to either House of the Congress by any Committee of such House, or (ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or (iii) an order, ruling or regulation (final, temporary, or proposed), press release, statement, or other form of notice shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or any other agency of the United States, the effect of which, in any such case described in clause (i), (ii), or (iii), would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or upon income of the general character to be derived by the District, other than any imposition of federal income taxes upon interest received on obligations of the general character as the Bonds on the date hereof, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions contemplated herein, in such a manner as in the reasonable judgment of the Underwriter would materially impair the marketability or materially adversely affect the market price of the Bonds.

(b) Any action shall have been taken by the SEC or by a court of competent jurisdiction which would require registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or any action shall have been taken by any court or by any governmental authority of competent jurisdiction suspending the use of the Preliminary Official Statement or the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority.

(c) (i) The Constitution of the State of Texas shall be amended or an amendment shall be proposed, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered by a court of competent

jurisdiction as to matters of Texas law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State of Texas by an official, agency or department thereof, affecting the tax status of the District, its property or income, its bonds (including the Bonds) or the interest thereon, which in the judgment of the Underwriter would materially affect the market price of the Bonds.

(d) (i) A general suspension of trading in securities shall have occurred on the New York Stock Exchange, (ii) the United States shall have become engaged in hostilities, which have resulted in the declaration, on or after the date of this Agreement, of a national emergency or war, except for current hostilities in Iraq, Afghanistan, and Syria, unless such current hostilities are escalated beyond that in existence on the date of this Agreement, or (iii) there shall have occurred any national or international calamity or crisis in the financial markets or otherwise of the United States, the effect of which, in any case described in clauses (i), (ii), or (iii), is, in the reasonable judgment of the Underwriter, so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Bonds on the terms and in the manner contemplated in this Agreement and the Official Statement.

(e) An event described in Paragraph 6(l) hereof occurs which requires a supplement or amendment to the Official Statement, and such supplement or amendment has, or would have, a material adverse effect upon the marketability or market price of the Bonds.

(f) A general banking moratorium shall have been declared by authorities of the United States, the State of New York or the State of Texas.

(g) Failure to provide, within seven business days of the date hereof, an Official Statement in form and substance satisfactory to the Underwriter.

(h) There shall have occurred any materially adverse change in the financial condition of the District, except for changes which the Official Statement discloses are expected to occur.

(i) There shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the District's obligations.

10. Expenses. At or promptly following the Closing:

(a) The District shall pay (and the Underwriter shall be under no obligation to pay) any expenses incident to the performance of the District's obligations hereunder, including but not limited to: (i) the cost of the preparation, printing and distribution of the Preliminary Official Statement and the Official Statement (including amendments or supplements thereto); (ii) the cost, if any, of the preparation and printing of the Bonds; (iii) the fees and expenses of Bond Counsel; (iv) the fees and disbursements of the Attorney General of the State of Texas and the District's accountants, financial advisors, engineers, and any other experts or consultants or advisors retained by the District, including the fee of the independent certified accountants named in the Official Statement for the preparation of the Verification Report; (v) bond insurance premiums, if any, (vi) rating agencies' fees, if any; and (viii) redemption fees, if any.

(b) The Underwriter hereby advises the District, and the District acknowledges, that the Underwriter will pay from the Underwriter's expense allocation of the Underwriter's discount (i) any expenses incurred by the Underwriter that are incidental to implementing this Agreement and the issuance of the Bonds, including but not limited to, meals, transportation, and lodging, if any, and any other miscellaneous closing costs, and (ii) the applicable per bond assessment charged by the Municipal Advisory Council of Texas, a non-

profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities. The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

(c) The Underwriter shall pay (and the District shall be under no obligation to pay): (i) all advertising expenses in connection with the offering of the Bonds; (ii) the cost of the preparation and printing of all the underwriting documents (other than the Preliminary Official Statement and the Official Statement); (iii) fees and expenses of Underwriter’s Counsel; and (iv) all other expenses incurred by them in connection with the offering and distribution of the Bonds.

(d) In the event that the Bonds are not purchased by the Underwriter, except as otherwise permitted in Paragraphs 8 and 9 hereof, the Underwriter shall be responsible for the payment of all costs and expenses of the District incident to the authorization, issuance and delivery of the Bonds.

11. Notices. Any notice or other communication to be given to the District or the Underwriter under this Agreement may be given by delivering the same in writing at the addresses below:

District	Brushy Creek Municipal Utility District 16318 Great Oaks Drive Round Rock, Texas 78681
Underwriter	Raymond James & Associates Inc. 5847 San Felipe, Suite 4125 Houston, Texas 77057 Attention: Debi Jones

The approval of the Underwriter when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing, signed by the Underwriter and delivered to the District.

12. Parties in Interest. This Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter, and (ii) delivery of any payment for the Bonds hereunder.

13. Compliance with Laws Prohibiting Contracts with Companies Boycotting Israel and Certain Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations.

(a) The Underwriter hereby represents that neither it, nor any parent company, wholly- or majority- owned subsidiary, and other affiliates of the same, if any, boycotts Israel or, to the extent this Agreement 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 Underwriter understands

"affiliate" to mean an entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

(b) The Underwriter hereby represents that, neither it, nor any parent company, wholly- or majority-owned subsidiary, 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 Federal law and excludes the Underwriter 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 Underwriter understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Underwriter and exists to make a profit.

14. Additional Disclosure. In accordance with Texas Government Code, Section 2252.908, the Underwriter represents and warrants that at the time of this Agreement, the Underwriter (i) has previously submitted, or is submitting herewith, or a completed Form 1295 ("**Disclosure Form**"), or (ii) is exempt from submitting such Disclosure Form. The Underwriter and the District understand that neither the District nor its consultants have the ability to verify the information included in the Disclosure Form, if required, and neither the District nor its consultants have an obligation, nor have undertaken any responsibility, to advise the Underwriter, with respect to the proper completion of the Disclosure Form.

15. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in its terms and effect to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

16. Effective Date. This Agreement shall become effective upon the execution of the acceptance hereof by the Authorized Representative of the District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

RAYMOND JAMES & ASSOCIATES INC.

By: _____

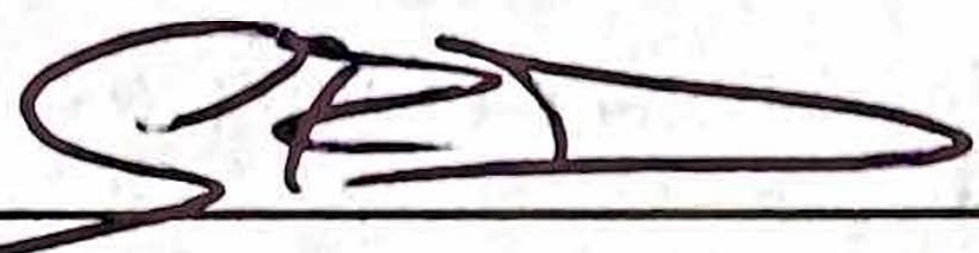
Raymond James

Title: _____

Vice President

Accepted at 4:10 p.m. CST on April 16, 2020.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

By:  _____
Authorized Representative

Exhibits:

Exhibit A – Inside Cover Page of Official Statement

Exhibit B – Issue Price Certificate

[remainder of page left intentionally blank]

Exhibit B

ISSUE PRICE CERTIFICATE

The undersigned, as the duly authorized Underwriter of Raymond James & Associates, Inc. (“Underwriter”), with respect to the Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020 issued by the Brushy Creek Municipal Utility District (“Issuer”) in the principal amount of \$8,140,000 (“Bonds”), hereby certifies, based on its records and information available to it, as follows:

(a) [Other than the Bonds maturing in _____ (“Hold-the-Price Maturities”), the] [The] first price at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Bonds having the same credit and payment terms (“Maturity”) was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) is set forth in the final Official Statement relating to the Bonds.

(b) On or before the first day on which Bond Purchase Agreement is entered into the Syndicate offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices (the “Initial Offering Prices”), as listed in the final Official Statement relating to the Bonds.

(c) As set forth in the Bond Purchase Agreement, the Underwriter represents that each member of the Syndicate agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the respective Initial Offering Price for such Maturity until a date that is the earlier of the close of the fifth business day after the Sale Date or the date on which the Syndicate sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule A.

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.

[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 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. Except as set forth above, the certifications made herein may not be relied upon or used by any third party or for any other purpose. Notwithstanding anything set forth herein, the Underwriter 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 _____, 2020.

RAYMOND JAMES & ASSOCIATES, INC.

By: _____

Name: _____

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

4818-5178-7930, v. 1

PRICING CERTIFICATE

I, the undersigned Chief Financial Officer of the Brushy Creek Municipal Utility District (the "District") acting as the Pricing Officer pursuant to the authority granted to me by an order adopted by the Board of Directors of the District on February 11, 2020 (the "Bond Order") relating to the issuance of the Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds") hereby find, determine and commit on behalf of the District to sell and deliver the Bonds on the following terms:

1. Capitalized terms not otherwise defined herein have the meaning assigned in the Bond Order.

2. The Bonds are hereby sold and shall be delivered to Raymond James & Associates Inc. (the "Underwriter") pursuant to the terms of the Bond Purchase Agreement, dated April 16, 2020, between the District and the Underwriter (the "Purchase Agreement"), for a price as set forth in the Purchase Agreement, according to the following terms:

A. The aggregate original principal amount of the Bonds shall be \$8,140,000.

B. The Bonds will be issued as serial Current Interest Bonds dated May 1, 2020, shall be numbered from R-1 upwards (except that the Initial Bond shall be numbered T-1) and shall mature and bear interest from their dated date as follows:

\$8,140,000

Maturity Date (June 1)	Principal Amount	Interest Rate
2021	\$ 150,000	3.000%
2022	\$ 835,000	3.000%
2023	\$ 870,000	3.000%
2024	\$1,770,000	4.000%
2025	\$ 915,000	3.000%
2026	\$ 945,000	3.000%
2027	\$1,305,000	3.000%
2028	\$1,350,000	3.000%

C. Interest on the Bonds shall be payable June 1 and December 1 of each year, commencing December 1, 2020. The record date for the Bonds will be the fifteenth day of the month preceding an Interest Payment Date whether or not such dates are Business Days.

D. The Bonds are not subject to redemption prior to maturity.

E. The Bonds shall be initially registered in the name of Cede & Co.

F. The Bonds are being insured by Assured Guaranty Municipal Corp. The terms and provisions set forth in the Commitment Letter attached hereto as "Exhibit D" are approved and are read as part of the Bond Order.

3. The Bonds are in amounts sufficient to redeem and refund the Refunded Bonds set forth in "Exhibit A" hereto and to pay the costs of issuing the Bonds.

4. The issuance of the Bonds is in the best interest of the District and produces a net present value debt service savings of \$322,571.42 (3.857741% of the Refunded Bonds), net of any District contribution to the refunding, and a gross debt service savings of \$353,823.50.

5. The price to be paid by the Underwriter for the Bonds is not less than 90% of the aggregate original principal amount thereof plus accrued interest to the date of delivery of the Bonds and the net present value debt service savings which results in at least a 3.0% present value debt service savings of the principal amount of the Refunded Bonds net of any District contribution. None of the Bonds bear interest at an interest rate greater than the maximum authorized by law. Additionally, all of the requirements of Sections 3.01 and 3.02 of the Bond Order have been met.

6. Pursuant to the election held within the District on November 6, 2001, the District has voted authority to issue refunding bonds pursuant to the election proposition in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, which equals \$58,650,000 (assuming issuance of the entire voted authorization). See Exhibit "B" attached hereto for a breakdown of remaining new money and refunding authorization.

7. In accordance with Article 19 of the Bond Order, the District shall provide annually to the MSRB financial information and operating data with respect to the District of the general type included in the Official Statement under the heading "Containing Disclosure of Information and Annual Reports."

8. In accordance with Section 15.02 of the Bond Order, the Preliminary Official Statement, dated April 14, 2020, previously prepared and distributed in connection with the pricing of the Bonds is hereby approved, and the preparation and distribution of the final Official Statement in reoffering of the Bonds by the Underwriter is hereby approved.

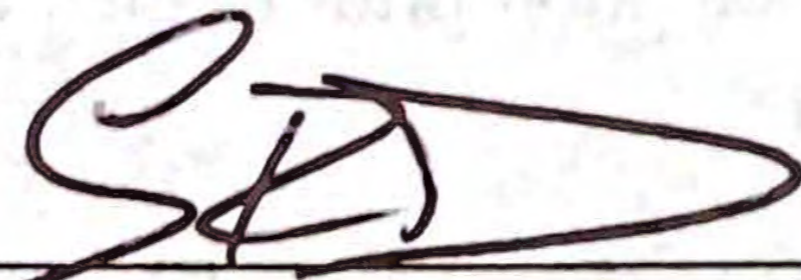
9. Pursuant to the order authorizing the issuance of the Refunded Bonds and the Paying Agent/Registrar Agreement between the District and Wells Fargo Bank, N.A., dated October 11, 2012, certain of said Refunded Bonds have been called for redemption by the Brushy Creek Municipal Utility District as set forth in the Bond Order authorizing the Bonds. Wells Fargo Bank, N.A. is hereby authorized and directed to take such steps as may be necessary to redeem the Refunded Bonds as provided in the order authorizing their issuance.

10. In consultation with, and reliance upon the advice of the financial advisor for the District, I determined that using a negotiated sale was in the best interest of the District and further hereby find that the terms of sale are the most advantageous reasonably available on the date and time of the pricing of the Bonds given the then existing market conditions and the stated terms of sale on such date and time.

11. The Bonds shall be in the form as set forth in Exhibit "C" attached hereto.

WITNESS MY HAND this 16th day of April, 2020.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

By: 
Pricing Officer

[Signature Page for Pricing Certificate]

EXHIBIT "A"

**NOTICE OF DEFEASANCE/REDEMPTION
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

Notice is hereby given that the following obligations issued by Brushy Creek Municipal Utility District (the "District") have been called for redemption prior to their scheduled maturities, at a price of par and accrued interest to the date of redemption, to-wit:

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2011, outstanding obligations maturing on June 1 in each of the years 2021 through 2028, aggregating \$1,695,000 in principal.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>
2021	\$185,000	3.840%	June 1, 2020
2022	\$190,000	3.840%	June 1, 2020
2023	\$200,000	3.840%	June 1, 2020
2024	\$205,000	3.840%	June 1, 2020
2025	\$215,000	3.840%	June 1, 2020
2026	\$225,000	3.840%	June 1, 2020
2027	\$230,000	3.840%	June 1, 2020
2028	\$245,000	3.840%	June 1, 2020

Due provision for the payment of the above-described obligations has been made with Branch Banking & Trust Company (the "Bank"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

First Class/Registered/Certified Mail

By Overnight or Courier

By Hand

Interest on the redeemed obligations shall cease to accrue thereon after their redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

NOTICE OF REDEMPTION

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

Notice is hereby given that the following obligations issued by Brushy Creek Municipal Utility District (the "District") have been called for redemption prior to their scheduled maturities, at a price of par and accrued interest to the date of redemption, to-wit:

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2012, outstanding obligations maturing on June 1 in each of the years 2022 through 2028 aggregating \$6,730,000 in principal amount.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>CUSIP*</u>
2022	\$ 685,000	3.000%	June 1, 2020	117464NW3
2023	\$ 710,000	3.000%	June 1, 2020	117464NX1
2024	\$1,600,000	3.000%	June 1, 2020	117464NY9
2025	\$ 730,000	3.000%	June 1, 2020	117464NZ6
2026	\$ 750,000	3.000%	June 1, 2020	117464PA9
2027	\$1,110,000	3.000%	June 1, 2020	117464PB7
2028	\$1,145,000	3.000%	June 1, 2020	117464PC5

*The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The District and Paying Agent shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein or as printed on any Bond.

Due provision for the payment of the above-described obligations has been made with Wells Fargo Bank, N.A. (the "Bank"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

First Class/Registered/Certified Mail

Wells Fargo Bank, N.A.
Corporate Trust Operations
P.O. Box 1517
Minneapolis, MN 55480-1517

By Overnight or Courier

Wells Fargo Bank, N.A.
Corporate Trust Operations
N9303-121
6th & Marquette Avenue
Minneapolis, MN 55479

By Hand

Wells Fargo Bank, N.A.
Northstar East Building
608 2nd Ave. So., 12th
Floor
Minneapolis, MN

Interest on the redeemed obligations shall cease to accrue thereon after their redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

EXHIBIT B

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT VOTED AUTHORIZATION FROM THE NOVEMBER 6, 2001 ELECTION

Pursuant to the November 6, 2001 election (the "Election"), the voters of the District authorized the issuance of \$39,100,000 of unlimited tax new money bonds and \$58,650,000 in unlimited tax refunding bonds. The remaining voted authorization from the Election, after the issuance of the Bonds, is as follows:

Remaining Unlimited Tax New Money Authorization – \$2,100,000

Series	Par Amount Issued	New Money Authorization Remaining After Issuance
Unlimited Tax Bonds, Series 2003	\$27,500,000	\$11,600,000
Unlimited Tax Bonds, Series 2005	\$ 9,500,000	\$ 2,100,000

*Remaining Unlimited Tax Refunding Authorization – \$52,854,641.19**

Series	Par Amount Issued	Par Amount of Bonds Refunded	Amount in Excess of the Par	Amount of Premium Applied to Refunding Authorization	Refunding Authorization Remaining After Issuance*
Unlimited Tax Refunding Bonds, Series 2007	\$7,840,000 ^a	\$7,440,000	\$400,000	\$-0-	\$55,100,000.00*
Unlimited Tax Refunding Bonds, Series 2009	\$7,975,000 ^b	\$8,145,000	\$-0-	\$288,777.60	\$54,811,222.40
Unlimited Tax Refunding Bonds, Series 2010	\$17,190,000 ^c	\$17,050,000	\$140,000	\$144,274.35	\$54,526,948.05
Unlimited Tax Refunding Bonds, Series 2011	\$2,085,000	\$2,025,000	\$60,000	\$-0-	\$54,466,948.05
Unlimited Tax Refunding Bonds, Series 2012	\$9,260,000 ^d	\$9,140,000	\$120,000	\$650,339.89	\$53,696,608.16
Unlimited Tax Refunding Bonds, Series 2013	\$6,125,000 ^e	\$5,950,000	\$175,000	\$309,553.95	\$53,212,054.21
Unlimited Tax Refunding Bonds, Series 2019	\$6,605,000 ^f	\$6,810,000	\$-0-	\$357,413.02	\$52,854,641.19
Unlimited Tax Refunding Bonds, Series 2020	\$8,140,000 ^g	\$8,425,000	\$-0-	\$534,877.30	\$52,319,763.89

*Assumes \$55,500,000 refunding authorization based on bonds issued pursuant to the election of \$37,000,000. Once the District issues the remaining \$2,100,000 in new money bonds, total authorization equals \$58,650,000.

^a The Unlimited Tax Refunding Bonds, Series 2007 generated \$0 of net original issue premium.

^b The Unlimited Tax Refunding Bonds, Series 2009 generated \$448,277.60 of original issue premium. Of that amount, \$159,500 underwriter's discount was applied against premium and the remaining \$288,777.60 of original issue premium was applied to the Unlimited Tax Refunding Authorization.

^c The Unlimited Tax Refunding Bonds, Series 2010 generated \$402,124.35 of original issue premium. Of that amount, \$257,850 underwriter's discount was applied against premium and the remaining \$144,274.35 of original issue premium, together with the par to par difference, was applied to the Unlimited Tax Refunding Authorization.

^d The Unlimited Tax Refunding Bonds, Series 2012 generated \$712,016.00 of original issue premium. Of that amount, \$61,676.11 underwriter's discount was applied against premium and the remaining \$650,339.89 of original issue premium, together with the par to par difference, was applied to the Unlimited Tax Refunding Authorization.

^e The Unlimited Tax Refunding Bonds, Series 2013 generated \$363,128.95 of original issue premium. Of that amount, \$53,575.00 underwriter's discount was applied against premium and the remaining \$309,553.95 of original issue premium, together with the par to par difference, was applied to the Unlimited Tax Refunding Authorization.

^f The Unlimited Tax Refunding Bonds, Series 2019 generated \$408,548.30 of original issue premium. Of that amount, \$51,135.28 was applied to underwriter's discount and the remaining \$357,413.02 was applied to the Unlimited Tax Refunding Authorization.

^g In the process of Issuance. The Unlimited Tax Refunding Bonds, Series 2020 generated \$592,973.30 of original issue premium. Of that amount, \$58,096.00 was applied to underwriter's discount and the remaining \$534,877.30 was applied to the Unlimited Tax Refunding Authorization.

EXHIBIT "C"

FORM OF BOND

**UNITED STATES OF AMERICA
STATE OF TEXAS**

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

NO. R-

**PRINCIPAL
AMOUNT
\$8,140,000**

INTEREST RATE DATE OF BONDS MATURITY DATE CUSIP NO.
May 1, 2020

REGISTERED OWNER: CEDE & CO.

**PRINCIPAL AMOUNT: EIGHT MILLION ONE HUNDRED FORTY 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 May 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 Minneapolis, Minnesota. 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 close of business on the fifteenth calendar day of the month (whether or not a business day) preceding each such date whether or not a business day (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 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, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, or day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed; 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 May 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 **\$8,140,000 FOR PURPOSES OF REFUNDING THE REFUNDED BONDS AND**

PAYING CERTAIN COSTS OF ISSUING THE BONDS. Terms used herein and not otherwise defined shall have the meanings given in the Bond Order.

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, and to secure the Bonds and any other bonds of the District or such districts by a pledge of the net revenues of the consolidated system. 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 obligations in an amount sufficient to defease the Bonds is 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, whereunder the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on 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 Assistant Secretary,
Board of Directors

President Vice-President,
Board of Directors

(DISTRICT SEAL)

INSERTIONS FOR INITIAL BONDS

- (i) The Initial Current Interest Bond shall be in the form set forth in this Section, except that:

A. immediately under the name of the Current Interest 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 of the Current Interest Bond shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED BELOW, 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 installments of the respective Maturity Amounts set forth in the following schedule:

Maturity Date (June 1)	Principal Amount	Interest Rate
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(Information from Pricing Certificate to be inserted)

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 April 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 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 Current Interest Bond shall be numbered "T-1".

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)

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.,
Minneapolis, Minnesota
Registrar

By _____
Authorized Representative

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, without alteration or enlargement or any change whatsoever.

EXHIBIT "D"

COMMITMENT LETTER

[See Separate Tab of Transcript]

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of May 1, 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 Refunding Bonds, Series 2020 in the aggregate principal amount of \$8,140,000 (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 May 20, 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>

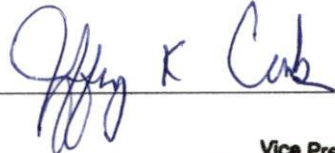
<https://comptroller.texas.gov/purchasing/docs/ftolist.pdf>.

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.


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. 4th Street, 6th Floor
MAC N9300-060
Minneapolis, Minnesota 55415

**BRUSHY CREEK MUNICIPAL UTILITY
DISTRICT**

By: 
Title: Board of Directors President

Address:
16318 Great Oaks Drive
Round Rock, Texas 78681

SCHEDULE A

Paying Agent/Registrar Fee Schedule

Schedule of Fees

To provide registrar and paying agent services

Brushy Creek Municipal Utility District
 Unlimited Tax Refunding 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 uninvested, invested in select Wells Fargo deposit products, or invested in money market mutual funds currently available on Wells Fargo's sweep platform

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 4th Street, 6th Floor
Minneapolis, MN 55415
Phone: (612) 667-4802
Email: jeffrey.k.carlson@wellsfargo.com

Acknowledged by:

Brushy Creek Municipal Utility District

Signature

Printed name

Title

Date

ESCROW AGREEMENT

Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020

THIS ESCROW AGREEMENT, dated as of May 20, 2020 (herein, together with any amendments or supplements hereto, called the "Agreement"), entered into by and between Brushy Creek Municipal Utility District (the "Issuer") and Wells Fargo Bank, N.A., as escrow agent (together with any successor in such capacity, the "Escrow Agent"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit "A" attached hereto and made apart hereof.

W I T N E S S E T H:

WHEREAS, the Issuer heretofore issued and there presently remain outstanding the obligations described in the Verification Report prepared by Robert Thomas CPA, LLC relating to the Refunded Obligations (defined below), attached hereto as Exhibit "B" and made a part hereof (the "Report"); and

WHEREAS, the Refunded Obligations are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in the Report; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purposes of receiving payment from the funds provided for such purpose and Issuer's right to call such Refunded Obligations for redemption in accordance with the provisions of the resolution, order or ordinance authorizing their issuance upon compliance with the provisions of Texas law; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with an eligible institution, including any place of payment (paying agent) for any of the Refunded Obligations, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such paying agent for any of the Refunded Obligations with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent may agree, provided that such deposits may be invested only in obligations authorized by Chapter 1207, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due; and

WHEREAS, this Agreement constitutes an escrow agreement of the kind authorized and required by said Chapter 1207; and

WHEREAS, in accordance with Section 1207.061(a)(3) of the Government Code the Escrow Agent does not act as a depository bank of the Issuer; and

WHEREAS, Truist Bank. is the paying agent for the Issuer's Unlimited Tax Refunding Bonds, Series 2011 (the "2011 Refunded Obligations"); and

WHEREAS, Wells Fargo Bank, N.A. is the paying agent for the Issuer's Unlimited Tax Refunding Bonds, Series 2012 (the "2012 Refunded Obligations"); and

WHEREAS, the 2011 Refunded Obligations and the 2012 Refunded Obligations are collectively known as the "Refunded Obligations"; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment (paying agents) for the Refunded Obligations the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the Issuer's Unlimited Tax Refunding Bonds, Series 2020 (the "Refunding Obligations") have been issued, sold and delivered for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their respective maturity dates or dates of redemption and the interest thereon to such dates as set forth in the Report; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Obligations to the purchasers thereof, certain proceeds of the Refunding Obligations, together with certain other available funds of the Issuer, shall be held for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement in such Escrow Fund; and

WHEREAS, the cash will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their respective maturity dates or dates of redemption; and

WHEREAS, any paying agent for the Refunded Obligations is also a party to this Agreement, as a paying agent for the Refunded Obligations to acknowledge their acceptance of the terms and provisions of this Agreement in such capacity.

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which are hereby acknowledged, and in order to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Code" means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

"Escrow Fund" means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Paying Agents" means Wells Fargo Bank, N.A. acting in its capacity as paying agent for the 2012 Refunded Obligations and Truist Bank acting in its capacity as paying agent for the 2011 Refunded Obligations.

Section 1.02. Other Definitions. The terms "Agreement," "Issuer," "Escrow Agent," "Refunded Obligations," "Refunding Obligations," and "Report" when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

ARTICLE II DEPOSIT OF FUNDS

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Obligations the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the funds described in the Report, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020 Escrow Fund (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds described in the Report. Such deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations on their respective maturity dates or dates of redemption, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balance on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Obligations at their respective maturity dates or dates of redemption and interest thereon to such maturity dates or dates of redemption in the amounts and at the times shown in the Report.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the cash balance on deposit in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agents at the times and in the amounts required to pay the interest on the Refunded Obligations at their respective maturity dates or dates of redemption as such interest comes due and the principal of the Refunded Obligations mature, all as more fully set forth in the Report. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each place of payment (paying agent) for the Refunded Obligations to make the payments set forth in Section 3.02 hereof, the Issuer shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given as promptly as practicable as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the Issuer's failure to make additional deposits thereto.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon the assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agents.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV **LIMITATION ON INVESTMENTS**

The Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder.

ARTICLE V **APPLICATION OF CASH BALANCES**

No withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI
RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII
CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agents shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the Refunding Obligations shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Obligations or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a Paying Agent/Registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

To the extent permitted by law, the Issuer agree to indemnify the Escrow Agent for, and hold it harmless against, any loss, liability or expense incurred by the Escrow Agent without negligence or bad faith on the Escrow Agent's part, arising out of or in connection with its acceptance or administration of the Escrow Agent's duties hereunder, including the cost and expense (including the Escrow Agent's counsel fees) of defending against any claim or liability in connection with the exercise or performance of any of the Escrow Agent's power or duties under this Agreement.

Section 7.03. Compensation. (a) Concurrently with the sale and delivery of the Refunding Obligations, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the amount set forth in Exhibit "C" attached hereto, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) Truist Bank is the place of payment (paying agent) for the 2011 Refunded Obligations. The Issuer covenants to timely pay for all future paying agency services of Truist Bank for the 2011 Refunded Obligations in accordance with the paying agent fee schedule now in effect through the final payment of the 2011 Refunded Obligations, the sufficiency of which is hereby acknowledged by Truist Bank.

(c) Wells Fargo Bank, N.A. is the place of payment (paying agent) for the 2012 Refunded Obligations. The Issuer covenants to timely pay for all future paying agency services of Wells Fargo Bank, N.A. for the 2012 Refunded Obligations in accordance with the paying agent fee schedule now in effect through the final payment of the 2012 Refunded Obligations, the sufficiency of which is hereby acknowledged by Wells Fargo Bank, N.A.

Section 7.04. Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 calendar days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise corporate trust powers, authorized under Texas law to act as an escrow agent, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$5,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three (3) weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided and such successor Escrow Agent shall be a paying agent for the Refunded Obligations and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its Paying Agent's fee hereunder.

ARTICLE VIII
MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit "A" attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) calendar days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Bonds, 99 Church Street, New York, New York 10007 and Standard & Poor's Corporation, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in the Report, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08. Amendments. This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations.

Section 8.09. Anti-Boycott. The Escrow Agent 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 Escrow Agent, 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 Escrow Agent understands "affiliate" to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

Section 8.10. Terrorist Organizations. The Escrow Agent represents that, neither the Escrow Agent, nor any parent company, wholly- or majority-owned subsidiaries or 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 Federal law and excludes the Escrow Agent 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 Escrow Agent understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.


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EXECUTED as of the date first written above.

**BRUSHY CREEK MUNICIPAL
UTILITY DISTRICT**

By: 
Title: Board of Director President

WELLS FARGO BANK, N.A., as Escrow Agent

By  _____
Authorized Signatory

Solely for the purpose of acknowledging the provisions in Section 7.03(b).

TRUIST BANK

By: William A. D. J.
Authorized Signatory

EXHIBIT "A"

ADDRESSES OF THE ISSUER AND THE ESCROW AGENT

Issuer

Brushy Creek Municipal Utility District
16318 Great Oaks Drive
Round Rock, Texas 78681
Attn: Mike Petter

Escrow Agent

Wells Fargo Bank, NA
Corporate Trust Services
600 S. 4th St., 6th Floor
MAC N9300-060
Minneapolis, MN 554159
ATTN: Jeffrey K. Carlson

EXHIBIT "B"

VERIFICATION REPORT

[See Separate Tab of Transcript]

EXHIBIT "C"

ESCROW AGENT FEE SCHEDULE

Schedule of Fees

To provide refunding escrow agent services

Brushy Creek Municipal Utility District
 Unlimited Tax Refunding Bonds, Series 2020
 (Refunding the Series 2011 & 2012 Bonds)

Account Acceptance Fee (per agreement)	\$1,000.00
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A one-time fee payable at closing for our initial review of governing documents, account set-up and customary duties and responsibilities related to the closing (includes subscription to SLGs as directed).

Annual Refunding Escrow Administration Fee (per account)	\$1,000.00
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Annual fee for ordinary administration services by the refunding escrow agent include daily routine account management, initial investment transactions, cash transaction processing in accordance with the agreement, and providing trust account statements as applicable. The administration fees are payable annually in advance, with the first installment due at the time of escrow agreement execution.

DTC charges associated with the refunding, including but not limited to charges for additional or split CUSIPs, shall be passed through at cost. The current DTC charge is \$1,000.00 per additional or split CUSIP, where applicable.

Redemption Fee (per occurrence)	\$500.00
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Fee for processing the early redemption on the REFUNDED bonds, as well as preparing split billing invoices for the refunded and un-refunded portions of the bonds, if applicable, and providing the defeasance and redemption notices to bondholders as directed.

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

Extraordinary Services	Standard rate
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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 proposal is based upon the below assumptions with respect to the role(s) of refunding escrow agent.

- Number of funds or accounts: One (1)
- Investment of Escrow Funds: U.S. Treasury Securities, State and Local Government Securities (SLGS), Other. Fees are subject to change if the investment option changes

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 4th Street, 6th Floor
Minneapolis, MN 55415
Phone: (612) 667-4802
Email: jeffrey.k.carlson@wellsfargo.com

Acknowledged by:

Brushy Creek Municipal Utility District

Signature

Printed name

Title

Date

GENERAL AND NO-LITIGATION CERTIFICATE

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

§
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§

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 Underwriter 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 Underwriter 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 C. D. Polumbo 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.

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

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 2019 (the "Series 2019 Bonds").

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

Unlimited Tax Bonds, Series 2005	\$ 595,000
Unlimited Tax Refunding Bonds, Series 2009	\$ 215,000
Unlimited Tax Refunding Bonds, Series 2010	\$ 1,270,000
Unlimited Tax Refunding Bonds, Series 2011	\$ 175,000
Unlimited Tax Refunding Bonds, Series 2012	\$ 705,000
Unlimited Tax Refunding Bonds, Series 2013	\$ 5,995,000
Unlimited Tax Refunding Bonds, Series 2019	\$ 6,605,000

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. None of the Refunded Bonds have ever been held in or purchased for the account of any of the special funds created and maintained under the orders authorizing their issuance for payment or security of the Refunded Bonds.

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

17. 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.

18. 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 Series 2019 Bonds.

21. 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.

22. 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.

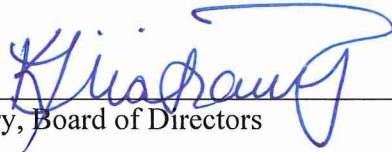
23. The District verifies that, pursuant to Section 2271.002 of the Texas Government Code, that all contracts with a company (as such term is defined in Section 808.001 of the Texas Government Code) within the transcript of proceedings for the Bonds, includes a written verification that such company (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.

24. 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.

CLOSING MATTERS

25. 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 Underwriter 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 Underwriter, 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 20th day of May, 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 Feb. 11, 2020.


Notary Public

(Notary Seal)

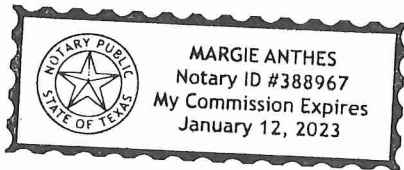


EXHIBIT A

Definitions

<i>Bonds</i>	Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020, dated May 1, 2020 in the aggregate principal amount of \$8,140,000.
<i>Bond Order</i>	The order adopted by the Board of Directors of the District on February 11, 2020 authorizing the issuance of the Bonds.
<i>Closing</i>	May 20, 2020 or at such other time agreed upon between the District and the Underwriter.
<i>District</i>	Brushy Creek Municipal Utility District.
<i>District Documents</i>	Collectively, the Purchase Agreement, the Order, the Pricing Certificate and the Undertaking.
<i>Official Statement</i>	Collectively, the Preliminary Official Statement dated April 14, 2020 and the Official Statement dated April 16, 2020 relating to the issuance of the Bonds.
<i>Purchase Agreement</i>	The Bond Purchase Agreement between the District and the Underwriter dated April 16, 2020.
<i>Pricing Certificate</i>	The certificate of the pricing officer establishing the terms of the Bonds as authorized pursuant to the Bond Order.
<i>Refunded Bonds</i>	Those obligations being refunded by the Bonds as set forth in the Pricing Certificate.
<i>Undertaking</i>	The undertaking of the District which satisfies the requirements of section (b)(5)(i) of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended.
<i>Underwriter</i>	Raymond James & Associates, Inc.

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 Refunding Bonds, Series 2020 (the "Refunding Bonds") and Sendero Springs and Cornerstone Defined Area Unlimited Tax Refunding Bonds, Series 2020 (the "Defined Area Refunding Bonds" and collectively with the Refunding Bonds, the "Bonds"). The Bonds are being issued pursuant to two Orders of the Issuer and two Pricing Certificates, 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 Raymond James & Associates, Inc. (the "Underwriter") in the Issue Price Certificates attached hereto as Exhibit "D" and by Robert W. Baird & Co. Incorporated (the "Financial Advisor") in Subsections 3.2 and 4.3 of this Certificate and with respect to the Schedules attached hereto as Exhibit "E".

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

2.1. The purpose for the issuance of the Bonds, as more fully described in the Order, is to currently refund the Issuer's Unlimited Tax Refunding Bonds, Series 2011 and Series 2012 and Sendero Springs and Cornerstone Defined Area Unlimited Tax Bonds, Series 2011 (the "Outstanding Bonds") and in part, to pay the related expenses of issuing the Bonds. The proceeds of the Bonds will be used to redeem the Outstanding Bonds within 90 days of the date hereof.

2.2. The proceeds of the Outstanding Bonds were used to finance or to refinance certain obligations of the Issuer (the "Original Bonds") the proceeds of which were used for the construction, acquisition and improvements of water, wastewater, drainage, treatment and transmission facilities (the "Outstanding Projects"). The Outstanding Projects remain in service and have not been sold or otherwise disposed of by the Issuer.

2.3. The Issuer expects that 120 percent of the aggregate useful lives of the Outstanding Projects, on the later of the date that the Outstanding Projects were placed in service or the date of issuance of the Outstanding Bonds, will exceed the weighted average maturity of the Bonds.

2.4. 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 Outstanding Projects, the only user of the Outstanding Projects has been or will be the Issuer or the Issuer's employees and agents, except as described in this Section 2.4. The Issuer will be the manager of the Outstanding Projects. In no event will the proceeds of the Bonds, the Outstanding Bonds, the Outstanding Projects 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 Outstanding Projects, except 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.

2.5. Except as stated below, the Issuer expects not to sell or otherwise dispose of property constituting the Outstanding 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 Outstanding 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.

2.6. For purposes of Subsection 2.5 hereof, the Issuer has not included the portion of the Outstanding 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.

3. Yield.

3.1. 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. The Issuer will determine the issue price of the Bonds based on (i) the first price at which a substantial amount of each maturity of the Bonds are sold to the public on the sale date, or (ii) the initial offering prices of any other maturity of the Bonds separately identified in paragraph (b) of the Issue Price Certificate.

3.2. The premium paid for bond insurance is solely for the transfer of credit risk for the payment of debt service on the Defined Area Refunding Bonds. The Financial Advisor has represented, based on its experience, and the market conditions and other facts existing on the date of sale of the Defined Area Refunding Bonds, that the present value of the premium paid for bond insurance for each obligation constituting the Defined Area Refunding 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 Defined Area Refunding Bonds. The premium has been paid to a person which is not a user or related to the user of any proceeds of the Defined Area Refunding 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.

3.3. Other than the qualified guarantee referred to in Subsection 3.2 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.

4. Debt Service Fund.

4.1. The Order confirms the creation of the 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.

4.2. 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.

4.3. 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.

4.4. 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.

5. Transferred Proceeds and Disposition Proceeds.

5.1. As of the date of this Certificate, all of the amounts received from the sale of the Outstanding Bonds and the investment earnings thereon have been expended.

5.2. The Issuer has no reason to believe nor has any expectation that a device has been or will be employed in connection with the issuance of the Bonds to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates.

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 PERIODS BEGINNING ON THE RESPECTIVE ISSUE DATE OF THE OUTSTANDING BONDS OR, IN THE CASE OF A SEQUENCE OF REFUNDINGS, THE ISSUE DATE OF THE OBLIGATIONS ORIGINALLY FINANCING THE OUTSTANDING PROJECTS 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.

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DATED as of May 20, 2020.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

By: Mike Petter

Name: Mike Petter

Title: Chief Financial Officer

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations contained in Subsections 3.2 and 4.3 of this Federal Tax Certificate and the Schedules attached hereto as Exhibit "E" are, as of May 20, 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[©]

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 bonds¹ 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

¹ 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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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 bonds² 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.

² 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"

April 16, 2020

Mr. Mike Petter
Chief Financial Officer
Brushy Creek Municipal Utility District
16318 Great Oaks Drive
Round Rock, Texas 78681

Re: Brushy Creek Municipal Utility District
Unlimited Tax Refunding Bonds, Series 2020 and
Sendero Springs and Cornerstone Defined Area Unlimited Tax Refunding Bonds, Series 2020

Dear Mr. Petter:

As you know, the Brushy Creek Municipal Utility District (the "Issuer") will issue the captioned bonds in order to provide for the refunding, in advance of their maturities, of portions of bonds previously issued by the Issuer. 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. 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.

The Issuer has determined that there are no unexpended original and investment proceeds of the outstanding bonds deposited to the construction fund.

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. For this purpose, please refer to line 21(e) of the Form 8038 G included in the transcript of proceedings for the yield. 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. As such, for analytical purposes only, we have segregated the debt service fund into three separate accounts. This does not require that you segregate monies deposited to the debt service fund into those accounts, but you should keep in mind the limitations imposed on each of those hypothetical accounts. 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 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. 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.

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Second, 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.

Third, 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 periods beginning on the respective issue date of the outstanding bonds, or, in the case of a sequence of refundings, the issue date of the obligations originally financing the refinanced projects 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: Mr. Carol D. Polumbo
Ms. Jacqueline E. Hale

Exhibit "D"

ISSUE PRICE CERTIFICATES

[To be attached hereto]

ISSUE PRICE CERTIFICATE

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

The undersigned, as the duly authorized representative of Raymond James & Associates, Inc. (the "Purchaser"), with respect to the Unlimited Tax Refunding Bonds, Series 2020 in the principal amount of \$8,140,000 issued by the Brushy Creek Municipal Utility District (the "Issuer") (the "Bonds"), hereby certifies, based on its records and information available to it, as follows:

(a) [Other than the Bonds maturing in _____ ("Hold-the-Price Maturities"), the] [The] first price at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms (a "Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (the "Public") is set forth in the final Official Statement relating to the Bonds.

(Add (b) and (c) only if there are Hold-the-Price maturities)

(b) On or before the first day on which Bond Purchase Agreement is entered into (the "Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices (the "Initial Offering Prices"), as listed in the final Official Statement relating to the Bonds.

(c) As set forth in the Bond Purchase Agreement, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the respective Initial Offering Price for such Maturity until a date that is the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule A.

For purposes of this Issue Price Certificates, 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.

[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 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. Except as set forth above, the certifications made herein may not be relied upon or used by any third party or for any other purpose. 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 May 20, 2020.

RAYMOND JAMES & ASSOCIATES, INC., as
Underwriter

By: _____

Name: _____

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

ISSUE PRICE CERTIFICATE

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
SENDERO SPRINGS AND CORNERSTONE DEFINED AREA
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

The undersigned, as the duly authorized representative of Raymond James & Associates, Inc. (the "Purchaser"), with respect to the Sendero Springs and Cornerstone Defined Area Unlimited Tax Refunding Bonds, Series 2020 in the principal amount of \$1,795,000 issued by the Brushy Creek Municipal Utility District (the "Issuer") (the "Bonds"), hereby certifies, based on its records and information available to it, as follows:

(a) [Other than the Bonds maturing in _____ ("Hold-the-Price Maturities"), the] [The] first price at which at least ten percent ("Substantial Amount") of the principal amount of each maturity of the Bonds having the same credit and payment terms (a "Maturity") was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (the "Public") is set forth in the final Official Statement relating to the Bonds.

(Add (b) and (c) only if there are Hold-the-Price maturities)

(b) On or before the first day on which Bond Purchase Agreement is entered into (the "Sale Date"), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices (the "Initial Offering Prices"), as listed in the final Official Statement relating to the Bonds.

(c) As set forth in the Bond Purchase Agreement, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the respective Initial Offering Price for such Maturity until a date that is the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells a Substantial Amount of a Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule A.

For purposes of this Issue Price Certificates, 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.

[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 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. Except as set forth above, the certifications made herein may not be relied upon or used by any third party or for any other purpose. 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 May 20, 2020.

RAYMOND JAMES & ASSOCIATES, INC., as
Underwriter

By: _____

Name: _____

SCHEDULE A
PRICING WIRE OR EQUIVALENT COMMUNICATION
(Attached)

Exhibit "E"

SCHEDULES OF FINANCIAL ADVISOR

[To be attached hereto]

SOURCES AND USES OF FUNDS

Brushy Creek Municipal Utility District
 Combined Series 2020 District and DA Financings
 Verified Final Numbers

Dated Date 05/01/2020
 Delivery Date 05/20/2020

Sources:	Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020	U/L Tax Ref Bds Ser 2020	Total
Bond Proceeds:			
Par Amount	1,795,000.00	8,140,000.00	9,935,000.00
Accrued Interest	2,241.41	13,822.50	16,063.91
Net Premium/OID	2,249.65	592,973.30	595,222.95
	<u>1,799,491.06</u>	<u>8,746,795.80</u>	<u>10,546,286.86</u>
Other Sources of Funds:			
Debt Service Surplus	35,000.00	91,000.00	126,000.00
	<u>1,834,491.06</u>	<u>8,837,795.80</u>	<u>10,672,286.86</u>
<hr/>			
Uses:	Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020	U/L Tax Ref Bds Ser 2020	Total
Refunding Escrow Deposits:			
Cash Deposit	1,737,109.59	8,558,494.00	10,295,603.59
Other Fund Deposits:			
Accrued Interest	2,241.41	13,822.50	16,063.91
Cost of Issuance:			
Bond Counsel	17,950.00	81,400.00	99,350.00
Financial Advisor	17,950.00	81,400.00	99,350.00
Verification Agent	2,500.00	2,500.00	5,000.00
Rating Fee	13,000.00	15,000.00	28,000.00
Printing	3,500.00	3,500.00	7,000.00
Paying Agent (Administration)	1,000.00	1,000.00	2,000.00
Paying Agent (Acceptance)	1,000.00	1,000.00	2,000.00
Call Fees	500.00	1,000.00	1,500.00
Miscellaneous	7,500.00	7,500.00	15,000.00
S&P Insured Rating Fee	3,135.00		3,135.00
Attorney General Fee	1,795.00	8,140.00	9,935.00
Escrow Agent		2,500.00	2,500.00
	<u>69,830.00</u>	<u>204,940.00</u>	<u>274,770.00</u>
Delivery Date Expenses:			
Underwriter's Discount	19,193.25	58,096.00	77,289.25
Bond Insurance (AGM)	4,285.18		4,285.18
	<u>23,478.43</u>	<u>58,096.00</u>	<u>81,574.43</u>
Other Uses of Funds:			
Additional Proceeds	1,831.63	2,443.30	4,274.93
	<u>1,834,491.06</u>	<u>8,837,795.80</u>	<u>10,672,286.86</u>



SOURCES AND USES OF FUNDS

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Dated Date 05/01/2020
Delivery Date 05/20/2020

Sources:

Bond Proceeds:	
Par Amount	1,795,000.00
Accrued Interest	2,241.41
Net Premium	2,249.65
	<hr/>
	1,799,491.06
Other Sources of Funds:	
Debt Service Surplus	35,000.00
	<hr/>
	1,834,491.06

Uses:

Refunding Escrow Deposits:	
Cash Deposit	1,737,109.59
Other Fund Deposits:	
Accrued Interest	2,241.41
Cost of Issuance:	
Bond Counsel	17,950.00
Financial Advisor	17,950.00
Verification Agent	2,500.00
Rating Fee	13,000.00
Printing	3,500.00
Paying Agent (Administration)	1,000.00
Paying Agent (Acceptance)	1,000.00
Call Fees	500.00
Miscellaneous	7,500.00
S&P Insured Rating Fee	3,135.00
Attorney General Fee	1,795.00
	<hr/>
	69,830.00
Delivery Date Expenses:	
Underwriter's Discount	19,193.25
Bond Insurance (AGM)	4,285.18
	<hr/>
	23,478.43
Other Uses of Funds:	
Additional Proceeds	1,831.63
	<hr/>
	1,834,491.06



SOURCES AND USES OF FUNDS

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Dated Date 05/01/2020
Delivery Date 05/20/2020

Sources:

Bond Proceeds:	
Par Amount	8,140,000.00
Accrued Interest	13,822.50
Premium	592,973.30
	<hr/>
	8,746,795.80

Other Sources of Funds:	
Debt Service Surplus	91,000.00
	<hr/>
	8,837,795.80

Uses:

Refunding Escrow Deposits:	
Cash Deposit	8,558,494.00

Other Fund Deposits:	
Accrued Interest	13,822.50

Cost of Issuance:	
Bond Counsel	81,400.00
Financial Advisor	81,400.00
Rating Fee	15,000.00
Verification Agent	2,500.00
Escrow Agent	2,500.00
Paying Agent (Administration)	1,000.00
Paying Agent (Acceptance)	1,000.00
Call Fees	1,000.00
Printing	3,500.00
Miscellaneous	7,500.00
Attorney General Fee	8,140.00
	<hr/>
	204,940.00

Delivery Date Expenses:	
Underwriter's Discount	58,096.00

Other Uses of Funds:	
Additional Proceeds	2,443.30
	<hr/>
	8,837,795.80

SUMMARY OF REFUNDING RESULTS

Brushy Creek Municipal Utility District
Combined Series 2020 District and DA Financings
Verified Final Numbers

Dated Date	05/01/2020
Delivery Date	05/20/2020
Arbitrage yield	1.830190%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	9,935,000.00
True Interest Cost	1.970445%
Net Interest Cost	2.037746%
All-In TIC	2.480759%
Average Coupon	2.926828%
Average Life	5.762
Par amount of refunded bonds	10,125,000.00
Average coupon of refunded bonds	3.579226%
Average life of refunded bonds	5.755
Net PV Savings	561,352.12
Percentage savings of refunded bonds	5.544218%
Percentage savings of refunding bonds	5.650248%

SUMMARY OF REFUNDING RESULTS

Brushy Creek Municipal Utility District
 Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Dated Date	05/01/2020
Delivery Date	05/20/2020
Arbitrage yield	1.830190%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	1,795,000.00
True Interest Cost	2.416923%
Effective Interest Cost	2.243156%
Net Interest Cost	2.394208%
All-In TIC	2.952218%
Average Coupon	2.256400%
Average Life	8.529
Par amount of refunded bonds	1,700,000.00
Average coupon of refunded bonds	4.794084%
Average life of refunded bonds	8.854
PV of prior debt to 05/20/2020 @ 2.952218%	1,973,446.99
Net PV Savings	236,337.40
Percentage savings of refunded bonds	13.902200%
Percentage savings of refunding bonds	13.166429%

SUMMARY OF REFUNDING RESULTS

Brushy Creek Municipal Utility District
 U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Dated Date	05/01/2020
Delivery Date	05/20/2020
Arbitrage yield	1.830190%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	8,140,000.00
True Interest Cost	1.821328%
Effective Interest Cost	1.680937%
Net Interest Cost	1.908141%
All-In TIC	2.326527%
Average Coupon	3.170587%
Average Life	5.152
Par amount of refunded bonds	8,425,000.00
Average coupon of refunded bonds	3.156111%
Average life of refunded bonds	5.130
PV of prior debt to 05/20/2020 @ 2.326527%	8,883,508.72
Net PV Savings	325,014.72
Percentage savings of refunded bonds	3.857741%
Percentage savings of refunding bonds	3.992810%



SUMMARY OF BONDS REFUNDED

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Sendero Springs & Cornerstone Defined Area U/L Tax Bds Ser 2011, 2011DA, TERM23:	06/01/2023	4.000%	185,000.00	05/20/2020	100.000
Sendero Springs & Cornerstone Defined Area U/L Tax Bds Ser 2011, 2011DA, TERM25:	06/01/2025	4.125%	205,000.00	05/20/2020	100.000
Sendero Springs & Cornerstone Defined Area U/L Tax Bds Ser 2011, 2011DA, TERM27:	06/01/2027	4.500%	220,000.00	05/20/2020	100.000
Sendero Springs & Cornerstone Defined Area U/L Tax Bds Ser 2011, 2011DA, TERM29:	06/01/2029	4.625%	235,000.00	05/20/2020	100.000
Sendero Springs & Cornerstone Defined Area U/L Tax Bds Ser 2011, 2011DA, TERM31:	06/01/2031	4.875%	260,000.00	05/20/2020	100.000
Sendero Springs & Cornerstone Defined Area U/L Tax Bds Ser 2011, 2011DA, TERM33:	06/01/2033	5.000%	595,000.00	05/20/2020	100.000
			1,700,000.00		



SUMMARY OF BONDS REFUNDED

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
U/L Tax Ref Bds Ser 2011, 2011, SERIAL:					
	06/01/2021	3.840%	185,000.00	06/01/2020	100.000
	06/01/2022	3.840%	190,000.00	06/01/2020	100.000
	06/01/2023	3.840%	200,000.00	06/01/2020	100.000
	06/01/2024	3.840%	205,000.00	06/01/2020	100.000
	06/01/2025	3.840%	215,000.00	06/01/2020	100.000
	06/01/2026	3.840%	225,000.00	06/01/2020	100.000
	06/01/2027	3.840%	230,000.00	06/01/2020	100.000
	06/01/2028	3.840%	<u>245,000.00</u>	06/01/2020	100.000
			1,695,000.00		
U/L Tax Ref Bds Ser 2012, 2012, SERIAL:					
	06/01/2022	3.000%	685,000.00	06/01/2020	100.000
	06/01/2023	3.000%	710,000.00	06/01/2020	100.000
	06/01/2024	3.000%	1,600,000.00	06/01/2020	100.000
	06/01/2025	3.000%	730,000.00	06/01/2020	100.000
	06/01/2026	3.000%	750,000.00	06/01/2020	100.000
	06/01/2027	3.000%	1,110,000.00	06/01/2020	100.000
	06/01/2028	3.000%	<u>1,145,000.00</u>	06/01/2020	100.000
			6,730,000.00		
			<u>8,425,000.00</u>		



PRIOR BOND DEBT SERVICE

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2020			79,050.00	79,050.00
12/31/2021			79,050.00	79,050.00
12/31/2022	90,000.00	4.000%	77,250.00	167,250.00
12/31/2023	95,000.00	4.000%	73,550.00	168,550.00
12/31/2024	100,000.00	4.125%	69,587.50	169,587.50
12/31/2025	105,000.00	4.125%	65,359.38	170,359.38
12/31/2026	110,000.00	4.500%	60,718.75	170,718.75
12/31/2027	110,000.00	4.500%	55,768.75	165,768.75
12/31/2028	115,000.00	4.625%	50,634.38	165,634.38
12/31/2029	120,000.00	4.625%	45,200.00	165,200.00
12/31/2030	125,000.00	4.875%	39,378.13	164,378.13
12/31/2031	135,000.00	4.875%	33,040.63	168,040.63
12/31/2032	290,000.00	5.000%	22,500.00	312,500.00
12/31/2033	305,000.00	5.000%	7,625.00	312,625.00
	1,700,000.00		758,712.50	2,458,712.50

PRIOR BOND DEBT SERVICE

Brushy Creek Municipal Utility District
 U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2020			266,988.00	266,988.00
12/31/2021	185,000.00	3.840%	263,436.00	448,436.00
12/31/2022	875,000.00	** %	245,961.00	1,120,961.00
12/31/2023	910,000.00	** %	217,548.00	1,127,548.00
12/31/2024	1,805,000.00	** %	175,122.00	1,980,122.00
12/31/2025	945,000.00	** %	132,108.00	1,077,108.00
12/31/2026	975,000.00	** %	101,460.00	1,076,460.00
12/31/2027	1,340,000.00	** %	64,824.00	1,404,824.00
12/31/2028	1,390,000.00	** %	21,879.00	1,411,879.00
	8,425,000.00		1,489,326.00	9,914,326.00

SAVINGS

Brushy Creek Municipal Utility District
 Combined Series 2020 District and DA Financings
 Verified Final Numbers

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings
12/31/2020	346,038.00	126,000.00	220,038.00	177,548.44	16,063.91	161,484.53	58,553.47
12/31/2021	527,486.00		527,486.00	466,893.75		466,893.75	60,592.25
12/31/2022	1,288,211.00		1,288,211.00	1,225,318.75		1,225,318.75	62,892.25
12/31/2023	1,296,098.00		1,296,098.00	1,236,518.75		1,236,518.75	59,579.25
12/31/2024	2,149,709.50		2,149,709.50	2,089,693.75		2,089,693.75	60,015.75
12/31/2025	1,247,467.38		1,247,467.38	1,187,043.75		1,187,043.75	60,423.63
12/31/2026	1,247,178.75		1,247,178.75	1,191,093.75		1,191,093.75	56,085.00
12/31/2027	1,570,592.75		1,570,592.75	1,509,893.75		1,509,893.75	60,699.00
12/31/2028	1,577,513.38		1,577,513.38	1,517,618.75		1,517,618.75	59,894.63
12/31/2029	165,200.00		165,200.00	144,790.63		144,790.63	20,409.38
12/31/2030	164,378.13		164,378.13	142,134.38		142,134.38	22,243.75
12/31/2031	168,040.63		168,040.63	149,371.88		149,371.88	18,668.75
12/31/2032	312,500.00		312,500.00	294,731.25		294,731.25	17,768.75
12/31/2033	312,625.00		312,625.00	293,262.50		293,262.50	19,362.50
	12,373,038.50	126,000.00	12,247,038.50	11,625,914.06	16,063.91	11,609,850.16	637,188.34

Savings Summary

PV of savings from cash flow	557,077.19
Plus: Refunding funds on hand	4,274.93
Net PV Savings	<u>561,352.12</u>

SAVINGS

Brushy Creek Municipal Utility District
 Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 05/20/2020 @ 2.9522183%
05/20/2020		35,000.00	-35,000.00		2,241.41	-2,241.41	-32,758.59		-32,758.59
06/01/2020	39,525.00		39,525.00				39,525.00		39,489.62
12/01/2020	39,525.00		39,525.00	24,773.44		24,773.44	14,751.56		14,523.97
12/31/2020								21,517.97	
06/01/2021	39,525.00		39,525.00	36,234.38		36,234.38	3,290.63		3,192.73
12/01/2021	39,525.00		39,525.00	21,009.38		21,009.38	18,515.63		17,703.46
12/31/2021								21,806.25	
06/01/2022	129,525.00		129,525.00	126,009.38		126,009.38	3,515.63		3,312.52
12/01/2022	37,725.00		37,725.00	19,434.38		19,434.38	18,290.63		16,983.24
12/31/2022								21,806.25	
06/01/2023	132,725.00		132,725.00	129,434.38		129,434.38	3,290.63		3,010.97
12/01/2023	35,825.00		35,825.00	17,784.38		17,784.38	18,040.63		16,267.32
12/31/2023								21,331.25	
06/01/2024	135,825.00		135,825.00	132,784.38		132,784.38	3,040.63		2,701.86
12/01/2024	33,762.50		33,762.50	16,059.38		16,059.38	17,703.13		15,501.97
12/31/2024								20,743.75	
06/01/2025	138,762.50		138,762.50	136,059.38		136,059.38	2,703.13		2,332.59
12/01/2025	31,596.88		31,596.88	14,259.38		14,259.38	17,337.50		14,743.33
12/31/2025								20,040.63	
06/01/2026	141,596.88		141,596.88	139,259.38		139,259.38	2,337.50		1,958.83
12/01/2026	29,121.88		29,121.88	13,009.38		13,009.38	16,112.50		13,305.91
12/31/2026								18,450.00	
06/01/2027	139,121.88		139,121.88	133,009.38		133,009.38	6,112.50		4,974.35
12/01/2027	26,646.88		26,646.88	11,809.38		11,809.38	14,837.50		11,899.12
12/31/2027								20,950.00	
06/01/2028	141,646.88		141,646.88	136,809.38		136,809.38	4,837.50		3,823.06
12/01/2028	23,987.50		23,987.50	10,559.38		10,559.38	13,428.13		10,457.83
12/31/2028								18,265.63	
06/01/2029	143,987.50		143,987.50	135,559.38		135,559.38	8,428.13		6,468.35
12/01/2029	21,212.50		21,212.50	9,231.25		9,231.25	11,981.25		9,061.52
12/31/2029								20,409.38	
06/01/2030	146,212.50		146,212.50	134,231.25		134,231.25	11,981.25		8,929.70
12/01/2030	18,165.63		18,165.63	7,903.13		7,903.13	10,262.50		7,537.45
12/31/2030								22,243.75	
06/01/2031	153,165.63		153,165.63	142,903.13		142,903.13	10,262.50		7,427.81
12/01/2031	14,875.00		14,875.00	6,468.75		6,468.75	8,406.25		5,995.78
12/31/2031								18,668.75	
06/01/2032	304,875.00		304,875.00	291,468.75		291,468.75	13,406.25		9,422.95

SAVINGS

Brushy Creek Municipal Utility District
 Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 05/20/2020 @ 2.9522183%
12/01/2032	7,625.00		7,625.00	3,262.50		3,262.50	4,362.50		3,021.70
12/31/2032								17,768.75	
06/01/2033	312,625.00		312,625.00	293,262.50		293,262.50	19,362.50		13,216.41
12/31/2033								19,362.50	
	2,458,712.50	35,000.00	2,423,712.50	2,142,589.06	2,241.41	2,140,347.66	283,364.84	283,364.84	234,505.77

Savings Summary

PV of savings from cash flow	234,505.77
Plus: Refunding funds on hand	1,831.63
Net PV Savings	<u>236,337.40</u>

SAVINGS

Brushy Creek Municipal Utility District
 U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 05/20/2020 @ 2.3265269%
05/20/2020		91,000.00	-91,000.00		13,822.50	-13,822.50	-77,177.50		-77,177.50
06/01/2020	133,494.00		133,494.00				133,494.00		133,399.68
12/01/2020	133,494.00		133,494.00	152,775.00		152,775.00	-19,281.00		-19,045.82
12/31/2020								37,035.50	
06/01/2021	318,494.00		318,494.00	280,950.00		280,950.00	37,544.00		36,659.62
12/01/2021	129,942.00		129,942.00	128,700.00		128,700.00	1,242.00		1,198.80
12/31/2021								38,786.00	
06/01/2022	1,004,942.00		1,004,942.00	963,700.00		963,700.00	41,242.00		39,349.70
12/01/2022	116,019.00		116,019.00	116,175.00		116,175.00	-156.00		-147.13
12/31/2022								41,086.00	
06/01/2023	1,026,019.00		1,026,019.00	986,175.00		986,175.00	39,844.00		37,146.59
12/01/2023	101,529.00		101,529.00	103,125.00		103,125.00	-1,596.00		-1,470.84
12/31/2023								38,248.00	
06/01/2024	1,906,529.00		1,906,529.00	1,873,125.00		1,873,125.00	33,404.00		30,430.49
12/01/2024	73,593.00		73,593.00	67,725.00		67,725.00	5,868.00		5,284.18
12/31/2024								39,272.00	
06/01/2025	1,018,593.00		1,018,593.00	982,725.00		982,725.00	35,868.00		31,928.01
12/01/2025	58,515.00		58,515.00	54,000.00		54,000.00	4,515.00		3,972.83
12/31/2025								40,383.00	
06/01/2026	1,033,515.00		1,033,515.00	999,000.00		999,000.00	34,515.00		30,021.12
12/01/2026	42,945.00		42,945.00	39,825.00		39,825.00	3,120.00		2,682.57
12/31/2026								37,635.00	
06/01/2027	1,382,945.00		1,382,945.00	1,344,825.00		1,344,825.00	38,120.00		32,398.60
12/01/2027	21,879.00		21,879.00	20,250.00		20,250.00	1,629.00		1,368.58
12/31/2027								39,749.00	
06/01/2028	1,411,879.00		1,411,879.00	1,370,250.00		1,370,250.00	41,629.00		34,571.94
12/31/2028								41,629.00	
	9,914,326.00	91,000.00	9,823,326.00	9,483,325.00	13,822.50	9,469,502.50	353,823.50	353,823.50	322,571.42

Savings Summary

PV of savings from cash flow	322,571.42
Plus: Refunding funds on hand	2,443.30
Net PV Savings	<u>325,014.72</u>



BOND DEBT SERVICE

Brushy Creek Municipal Utility District
Combined Series 2020 District and DA Financings
Verified Final Numbers

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2020			177,548.44	177,548.44	
12/31/2020					177,548.44
06/01/2021	165,000.00	3.000%	152,184.38	317,184.38	
12/01/2021			149,709.38	149,709.38	
12/31/2021					466,893.75
06/01/2022	940,000.00	3.000%	149,709.38	1,089,709.38	
12/01/2022			135,609.38	135,609.38	
12/31/2022					1,225,318.75
06/01/2023	980,000.00	3.000%	135,609.38	1,115,609.38	
12/01/2023			120,909.38	120,909.38	
12/31/2023					1,236,518.75
06/01/2024	1,885,000.00	** %	120,909.38	2,005,909.38	
12/01/2024			83,784.38	83,784.38	
12/31/2024					2,089,693.75
06/01/2025	1,035,000.00	3.000%	83,784.38	1,118,784.38	
12/01/2025			68,259.38	68,259.38	
12/31/2025					1,187,043.75
06/01/2026	1,070,000.00	** %	68,259.38	1,138,259.38	
12/01/2026			52,834.38	52,834.38	
12/31/2026					1,191,093.75
06/01/2027	1,425,000.00	** %	52,834.38	1,477,834.38	
12/01/2027			32,059.38	32,059.38	
12/31/2027					1,509,893.75
06/01/2028	1,475,000.00	** %	32,059.38	1,507,059.38	
12/01/2028			10,559.38	10,559.38	
12/31/2028					1,517,618.75
06/01/2029	125,000.00	2.125%	10,559.38	135,559.38	
12/01/2029			9,231.25	9,231.25	
12/31/2029					144,790.63
06/01/2030	125,000.00	2.125%	9,231.25	134,231.25	
12/01/2030			7,903.13	7,903.13	
12/31/2030					142,134.38
06/01/2031	135,000.00	2.125%	7,903.13	142,903.13	
12/01/2031			6,468.75	6,468.75	
12/31/2031					149,371.88
06/01/2032	285,000.00	2.250%	6,468.75	291,468.75	
12/01/2032			3,262.50	3,262.50	
12/31/2032					294,731.25
06/01/2033	290,000.00	2.250%	3,262.50	293,262.50	
12/31/2033					293,262.50
	9,935,000.00		1,690,914.06	11,625,914.06	11,625,914.06



BOND DEBT SERVICE

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2020			24,773.44	24,773.44	
12/31/2020					24,773.44
06/01/2021	15,000.00	3.000%	21,234.38	36,234.38	
12/01/2021			21,009.38	21,009.38	
12/31/2021					57,243.75
06/01/2022	105,000.00	3.000%	21,009.38	126,009.38	
12/01/2022			19,434.38	19,434.38	
12/31/2022					145,443.75
06/01/2023	110,000.00	3.000%	19,434.38	129,434.38	
12/01/2023			17,784.38	17,784.38	
12/31/2023					147,218.75
06/01/2024	115,000.00	3.000%	17,784.38	132,784.38	
12/01/2024			16,059.38	16,059.38	
12/31/2024					148,843.75
06/01/2025	120,000.00	3.000%	16,059.38	136,059.38	
12/01/2025			14,259.38	14,259.38	
12/31/2025					150,318.75
06/01/2026	125,000.00	2.000%	14,259.38	139,259.38	
12/01/2026			13,009.38	13,009.38	
12/31/2026					152,268.75
06/01/2027	120,000.00	2.000%	13,009.38	133,009.38	
12/01/2027			11,809.38	11,809.38	
12/31/2027					144,818.75
06/01/2028	125,000.00	2.000%	11,809.38	136,809.38	
12/01/2028			10,559.38	10,559.38	
12/31/2028					147,368.75
06/01/2029	125,000.00	2.125%	10,559.38	135,559.38	
12/01/2029			9,231.25	9,231.25	
12/31/2029					144,790.63
06/01/2030	125,000.00	2.125%	9,231.25	134,231.25	
12/01/2030			7,903.13	7,903.13	
12/31/2030					142,134.38
06/01/2031	135,000.00	2.125%	7,903.13	142,903.13	
12/01/2031			6,468.75	6,468.75	
12/31/2031					149,371.88
06/01/2032	285,000.00	2.250%	6,468.75	291,468.75	
12/01/2032			3,262.50	3,262.50	
12/31/2032					294,731.25
06/01/2033	290,000.00	2.250%	3,262.50	293,262.50	
12/31/2033					293,262.50
	1,795,000.00		347,589.06	2,142,589.06	2,142,589.06



BOND DEBT SERVICE

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2020			152,775.00	152,775.00	
12/31/2020					152,775.00
06/01/2021	150,000.00	3.000%	130,950.00	280,950.00	
12/01/2021			128,700.00	128,700.00	
12/31/2021					409,650.00
06/01/2022	835,000.00	3.000%	128,700.00	963,700.00	
12/01/2022			116,175.00	116,175.00	
12/31/2022					1,079,875.00
06/01/2023	870,000.00	3.000%	116,175.00	986,175.00	
12/01/2023			103,125.00	103,125.00	
12/31/2023					1,089,300.00
06/01/2024	1,770,000.00	4.000%	103,125.00	1,873,125.00	
12/01/2024			67,725.00	67,725.00	
12/31/2024					1,940,850.00
06/01/2025	915,000.00	3.000%	67,725.00	982,725.00	
12/01/2025			54,000.00	54,000.00	
12/31/2025					1,036,725.00
06/01/2026	945,000.00	3.000%	54,000.00	999,000.00	
12/01/2026			39,825.00	39,825.00	
12/31/2026					1,038,825.00
06/01/2027	1,305,000.00	3.000%	39,825.00	1,344,825.00	
12/01/2027			20,250.00	20,250.00	
12/31/2027					1,365,075.00
06/01/2028	1,350,000.00	3.000%	20,250.00	1,370,250.00	
12/31/2028					1,370,250.00
	8,140,000.00		1,343,325.00	9,483,325.00	9,483,325.00



BOND PRICING

Brushy Creek Municipal Utility District
Combined Series 2020 District and DA Financings
Verified Final Numbers

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:						
	06/01/2021	150,000.00	3.000%	1.380%	101.651	2,476.50
	06/01/2021	15,000.00	3.000%	1.450%	101.579	236.85
	06/01/2022	835,000.00	3.000%	1.400%	103.191	26,644.85
	06/01/2022	105,000.00	3.000%	1.500%	102.988	3,137.40
	06/01/2023	870,000.00	3.000%	1.420%	104.670	40,629.00
	06/01/2023	110,000.00	3.000%	1.550%	104.276	4,703.60
	06/01/2024	115,000.00	3.000%	1.600%	105.443	6,259.45
	06/01/2024	1,770,000.00	4.000%	1.450%	109.947	176,061.90
	06/01/2025	915,000.00	3.000%	1.550%	106.990	63,958.50
	06/01/2025	120,000.00	3.000%	1.700%	106.242	7,490.40
	06/01/2026	125,000.00	2.000%	1.850%	100.851	1,063.75
	06/01/2026	945,000.00	3.000%	1.700%	107.420	70,119.00
	06/01/2027	120,000.00	2.000%	1.930%	100.457	548.40
	06/01/2027	1,305,000.00	3.000%	1.800%	107.891	102,977.55
	06/01/2028	125,000.00	2.000%	2.000%	100.000	
	06/01/2028	1,350,000.00	3.000%	1.900%	108.156	110,106.00
		8,975,000.00				616,413.15
Term Bond 2031:						
	06/01/2029	125,000.00	2.125%	2.300%	98.303	-2,121.25
	06/01/2030	125,000.00	2.125%	2.300%	98.303	-2,121.25
	06/01/2031	135,000.00	2.125%	2.300%	98.303	-2,290.95
		385,000.00				-6,533.45
Term Bond 2033:						
	06/01/2032	285,000.00	2.250%	2.480%	97.451	-7,264.65
	06/01/2033	290,000.00	2.250%	2.480%	97.451	-7,392.10
		575,000.00				-14,656.75
		9,935,000.00				595,222.95

Dated Date	05/01/2020	
Delivery Date	05/20/2020	
First Coupon	12/01/2020	
Par Amount	9,935,000.00	
Premium	595,222.95	
Production	10,530,222.95	105.991172%
Underwriter's Discount	-77,289.25	-0.777949%
Purchase Price	10,452,933.70	105.213223%
Accrued Interest	16,063.91	
Net Proceeds	10,468,997.61	



BOND PRICING

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bonds:						
	06/01/2021	15,000.00	3.000%	1.450%	101.579	236.85
	06/01/2022	105,000.00	3.000%	1.500%	102.988	3,137.40
	06/01/2023	110,000.00	3.000%	1.550%	104.276	4,703.60
	06/01/2024	115,000.00	3.000%	1.600%	105.443	6,259.45
	06/01/2025	120,000.00	3.000%	1.700%	106.242	7,490.40
	06/01/2026	125,000.00	2.000%	1.850%	100.851	1,063.75
	06/01/2027	120,000.00	2.000%	1.930%	100.457	548.40
	06/01/2028	<u>125,000.00</u>	2.000%	2.000%	100.000	
		835,000.00				<u>23,439.85</u>
Term Bond 2031:						
	06/01/2029	125,000.00	2.125%	2.300%	98.303	-2,121.25
	06/01/2030	125,000.00	2.125%	2.300%	98.303	-2,121.25
	06/01/2031	<u>135,000.00</u>	2.125%	2.300%	98.303	<u>-2,290.95</u>
		385,000.00				-6,533.45
Term Bond 2033:						
	06/01/2032	285,000.00	2.250%	2.480%	97.451	-7,264.65
	06/01/2033	<u>290,000.00</u>	2.250%	2.480%	97.451	<u>-7,392.10</u>
		575,000.00				-14,656.75
		<u>1,795,000.00</u>				<u>2,249.65</u>

Dated Date	05/01/2020	
Delivery Date	05/20/2020	
First Coupon	12/01/2020	
Par Amount	1,795,000.00	
Premium	2,249.65	
Production	1,797,249.65	100.125329%
Underwriter's Discount	<u>-19,193.25</u>	<u>-1.069262%</u>
Purchase Price	1,778,056.40	99.056067%
Accrued Interest	<u>2,241.41</u>	
Net Proceeds	<u>1,780,297.81</u>	



BOND PRICING

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:						
	06/01/2021	150,000.00	3.000%	1.380%	101.651	2,476.50
	06/01/2022	835,000.00	3.000%	1.400%	103.191	26,644.85
	06/01/2023	870,000.00	3.000%	1.420%	104.670	40,629.00
	06/01/2024	1,770,000.00	4.000%	1.450%	109.947	176,061.90
	06/01/2025	915,000.00	3.000%	1.550%	106.990	63,958.50
	06/01/2026	945,000.00	3.000%	1.700%	107.420	70,119.00
	06/01/2027	1,305,000.00	3.000%	1.800%	107.891	102,977.55
	06/01/2028	1,350,000.00	3.000%	1.900%	108.156	110,106.00
		8,140,000.00				592,973.30

Dated Date	05/01/2020	
Delivery Date	05/20/2020	
First Coupon	12/01/2020	
Par Amount	8,140,000.00	
Premium	592,973.30	
Production	8,732,973.30	107.284684%
Underwriter's Discount	-58,096.00	-0.713710%
Purchase Price	8,674,877.30	106.570974%
Accrued Interest	13,822.50	
Net Proceeds	8,688,699.80	

BOND SUMMARY STATISTICS

Brushy Creek Municipal Utility District
 Combined Series 2020 District and DA Financings
 Verified Final Numbers

Dated Date	05/01/2020
Delivery Date	05/20/2020
Last Maturity	06/01/2033
Arbitrage Yield	1.830190%
True Interest Cost (TIC)	1.970445%
Net Interest Cost (NIC)	2.037746%
All-In TIC	2.480759%
Average Coupon	2.926828%
Average Life (years)	5.762
Duration of Issue (years)	5.291
Par Amount	9,935,000.00
Bond Proceeds	10,546,286.86
Total Interest	1,690,914.06
Net Interest	1,172,980.36
Total Debt Service	11,625,914.06
Maximum Annual Debt Service	2,089,693.75
Average Annual Debt Service	890,971.23
Underwriter's Fees (per \$1000)	
Average Takedown	5.000000
Management Fee	1.000000
Other Fee	1.779492
Total Underwriter's Discount	7.779492
Bid Price	105.213223

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	8,975,000.00	106.868	3.099%	5.144
Term Bond 2031	385,000.00	98.303	2.125%	10.057
Term Bond 2033	575,000.00	97.451	2.250%	12.535
	9,935,000.00			5.762

	TIC	All-In TIC	Arbitrage Yield
Par Value	9,935,000.00	9,935,000.00	9,935,000.00
+ Accrued Interest	16,063.91	16,063.91	16,063.91
+ Premium (Discount)	595,222.95	595,222.95	595,222.95
- Underwriter's Discount	-77,289.25	-77,289.25	-77,289.25
- Cost of Issuance Expense		-274,770.00	
- Other Amounts	-4,285.18	-4,285.18	-4,285.18
Target Value	10,464,712.43	10,189,942.43	10,542,001.68
Target Date	05/20/2020	05/20/2020	05/20/2020
Yield	1.970445%	2.480759%	1.830190%

BOND SUMMARY STATISTICS

Brushy Creek Municipal Utility District
 Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Dated Date	05/01/2020
Delivery Date	05/20/2020
Last Maturity	06/01/2033
Arbitrage Yield	1.830190%
True Interest Cost (TIC)	2.416923%
Net Interest Cost (NIC)	2.394208%
All-In TIC	2.952218%
Average Coupon	2.256400%
Average Life (years)	8.529
Duration of Issue (years)	7.633
Par Amount	1,795,000.00
Bond Proceeds	1,799,491.06
Total Interest	347,589.06
Net Interest	364,532.66
Total Debt Service	2,142,589.06
Maximum Annual Debt Service	294,731.25
Average Annual Debt Service	164,256.06
Underwriter's Fees (per \$1000)	
Average Takedown	5.000000
Management Fee	1.000000
Other Fee	4.692618
Total Underwriter's Discount	10.692618
Bid Price	99.056067

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	835,000.00	102.807	2.387%	5.066
Term Bond 2031	385,000.00	98.303	2.125%	10.057
Term Bond 2033	575,000.00	97.451	2.250%	12.535
	1,795,000.00			8.529

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,795,000.00	1,795,000.00	1,795,000.00
+ Accrued Interest	2,241.41	2,241.41	2,241.41
+ Premium (Discount)	2,249.65	2,249.65	2,249.65
- Underwriter's Discount	-19,193.25	-19,193.25	
- Cost of Issuance Expense		-69,830.00	
- Other Amounts	-4,285.18	-4,285.18	-4,285.18
Target Value	1,776,012.63	1,706,182.63	1,795,205.88
Target Date	05/20/2020	05/20/2020	05/20/2020
Yield	2.416923%	2.952218%	1.830190%

BOND SUMMARY STATISTICS

Brushy Creek Municipal Utility District
 U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Dated Date	05/01/2020
Delivery Date	05/20/2020
Last Maturity	06/01/2028
Arbitrage Yield	1.830190%
True Interest Cost (TIC)	1.821328%
Net Interest Cost (NIC)	1.908141%
All-In TIC	2.326527%
Average Coupon	3.170587%
Average Life (years)	5.152
Duration of Issue (years)	4.785
Par Amount	8,140,000.00
Bond Proceeds	8,746,795.80
Total Interest	1,343,325.00
Net Interest	808,447.70
Total Debt Service	9,483,325.00
Maximum Annual Debt Service	1,940,850.00
Average Annual Debt Service	1,179,183.98
Underwriter's Fees (per \$1000)	
Average Takedown	5.000000
Management Fee	1.000000
Other Fee	1.137101
Total Underwriter's Discount	7.137101
Bid Price	106.570974

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bond	8,140,000.00	107.285	3.171%	5.152
	8,140,000.00			5.152

	TIC	All-In TIC	Arbitrage Yield
Par Value	8,140,000.00	8,140,000.00	8,140,000.00
+ Accrued Interest	13,822.50	13,822.50	13,822.50
+ Premium (Discount)	592,973.30	592,973.30	592,973.30
- Underwriter's Discount	-58,096.00	-58,096.00	
- Cost of Issuance Expense		-204,940.00	
- Other Amounts			
Target Value	8,688,699.80	8,483,759.80	8,746,795.80
Target Date	05/20/2020	05/20/2020	05/20/2020
Yield	1.821328%	2.326527%	1.830190%



PROOF OF ARBITRAGE YIELD

Brushy Creek Municipal Utility District
Combined Series 2020 District and DA Financings
Verified Final Numbers

Date	Debt Service	Total	Present Value to 05/20/2020 @ 1.8301900137%
12/01/2020	177,548.44	177,548.44	175,840.52
06/01/2021	317,184.38	317,184.38	311,284.69
12/01/2021	149,709.38	149,709.38	145,592.44
06/01/2022	1,089,709.38	1,089,709.38	1,050,133.20
12/01/2022	135,609.38	135,609.38	129,499.26
06/01/2023	1,115,609.38	1,115,609.38	1,055,683.15
12/01/2023	120,909.38	120,909.38	113,377.08
06/01/2024	2,005,909.38	2,005,909.38	1,863,890.85
12/01/2024	83,784.38	83,784.38	77,146.47
06/01/2025	1,118,784.38	1,118,784.38	1,020,806.19
12/01/2025	68,259.38	68,259.38	61,716.75
06/01/2026	1,138,259.38	1,138,259.38	1,019,825.51
12/01/2026	52,834.38	52,834.38	46,907.80
06/01/2027	1,477,834.38	1,477,834.38	1,300,163.99
12/01/2027	32,059.38	32,059.38	27,949.32
06/01/2028	1,507,059.38	1,507,059.38	1,301,938.48
12/01/2028	10,559.38	10,559.38	9,039.45
06/01/2029	135,559.38	135,559.38	114,994.59
12/01/2029	9,231.25	9,231.25	7,759.83
06/01/2030	134,231.25	134,231.25	111,812.20
12/01/2030	7,903.13	7,903.13	6,523.46
06/01/2031	142,903.13	142,903.13	116,886.68
12/01/2031	6,468.75	6,468.75	5,243.09
06/01/2032	291,468.75	291,468.75	234,100.87
12/01/2032	3,262.50	3,262.50	2,596.60
06/01/2033	293,262.50	293,262.50	231,289.17
	11,625,914.06	11,625,914.06	10,542,001.68

Proceeds Summary

Delivery date	05/20/2020
Par Value	9,935,000.00
Accrued interest	16,063.91
Premium (Discount)	595,222.95
Arbitrage expenses	-4,285.18
Target for yield calculation	10,542,001.68



FORM 8038 STATISTICS

Brushy Creek Municipal Utility District
 Combined Series 2020 District and DA Financings
 Verified Final Numbers

Dated Date 05/01/2020
 Delivery Date 05/20/2020

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	06/01/2021	150,000.00	3.000%	101.651	152,476.50	150,000.00
	06/01/2021	15,000.00	3.000%	101.579	15,236.85	15,000.00
	06/01/2022	835,000.00	3.000%	103.191	861,644.85	835,000.00
	06/01/2022	105,000.00	3.000%	102.988	108,137.40	105,000.00
	06/01/2023	870,000.00	3.000%	104.670	910,629.00	870,000.00
	06/01/2023	110,000.00	3.000%	104.276	114,703.60	110,000.00
	06/01/2024	115,000.00	3.000%	105.443	121,259.45	115,000.00
	06/01/2024	1,770,000.00	4.000%	109.947	1,946,061.90	1,770,000.00
	06/01/2025	915,000.00	3.000%	106.990	978,958.50	915,000.00
	06/01/2025	120,000.00	3.000%	106.242	127,490.40	120,000.00
	06/01/2026	125,000.00	2.000%	100.851	126,063.75	125,000.00
	06/01/2026	945,000.00	3.000%	107.420	1,015,119.00	945,000.00
	06/01/2027	120,000.00	2.000%	100.457	120,548.40	120,000.00
	06/01/2027	1,305,000.00	3.000%	107.891	1,407,977.55	1,305,000.00
	06/01/2028	125,000.00	2.000%	100.000	125,000.00	125,000.00
	06/01/2028	1,350,000.00	3.000%	108.156	1,460,106.00	1,350,000.00
Term Bond 2031:						
	06/01/2029	125,000.00	2.125%	98.303	122,878.75	125,000.00
	06/01/2030	125,000.00	2.125%	98.303	122,878.75	125,000.00
	06/01/2031	135,000.00	2.125%	98.303	132,709.05	135,000.00
Term Bond 2033:						
	06/01/2032	285,000.00	2.250%	97.451	277,735.35	285,000.00
	06/01/2033	290,000.00	2.250%	97.451	282,607.90	290,000.00
		9,935,000.00			10,530,222.95	9,935,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	06/01/2033	2.250%	282,607.90	290,000.00		
Entire Issue			10,530,222.95	9,935,000.00	5.7297	1.8302%

Proceeds used for accrued interest	16,063.91
Proceeds used for bond issuance costs (including underwriters' discount)	352,059.25
Proceeds used for credit enhancement	4,285.18
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to refund prior tax-exempt bonds	10,204,603.59
Proceeds used to refund prior taxable bonds	0.00
Remaining WAM of prior tax-exempt bonds (years)	5.7176
Remaining WAM of prior taxable bonds (years)	0.0000
Last call date of refunded tax-exempt bonds	06/01/2020

2011 Form 8038 Statistics

Proceeds used to currently refund prior issues	10,204,603.59
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	5.7176
Remaining weighted average maturity of the bonds to be advance refunded	0.0000



FORM 8038 STATISTICS

Brushy Creek Municipal Utility District
 Combined Series 2020 District and DA Financings
 Verified Final Numbers

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
U/L Tax Ref Bds Ser 2011:					
SERIAL	06/01/2021	185,000.00	3.840%	100.000	185,000.00
SERIAL	06/01/2022	190,000.00	3.840%	100.000	190,000.00
SERIAL	06/01/2023	200,000.00	3.840%	100.000	200,000.00
SERIAL	06/01/2024	205,000.00	3.840%	100.000	205,000.00
SERIAL	06/01/2025	215,000.00	3.840%	100.000	215,000.00
SERIAL	06/01/2026	225,000.00	3.840%	100.000	225,000.00
SERIAL	06/01/2027	230,000.00	3.840%	100.000	230,000.00
SERIAL	06/01/2028	245,000.00	3.840%	100.000	245,000.00
		<u>1,695,000.00</u>			<u>1,695,000.00</u>
Sendero Springs & Cornerstone Defined Area U/L Tax Bds Ser 2011:					
TERM23	06/01/2022	90,000.00	4.000%	99.530	89,577.00
TERM23	06/01/2023	95,000.00	4.000%	99.530	94,553.50
TERM25	06/01/2024	100,000.00	4.125%	99.216	99,216.00
TERM25	06/01/2025	105,000.00	4.125%	99.216	104,176.80
TERM27	06/01/2026	110,000.00	4.500%	100.000	110,000.00
TERM27	06/01/2027	110,000.00	4.500%	100.000	110,000.00
TERM29	06/01/2028	115,000.00	4.625%	100.000	115,000.00
TERM29	06/01/2029	120,000.00	4.625%	100.000	120,000.00
TERM31	06/01/2030	125,000.00	4.875%	100.000	125,000.00
TERM31	06/01/2031	135,000.00	4.875%	100.000	135,000.00
TERM33	06/01/2032	290,000.00	5.000%	100.000	290,000.00
TERM33	06/01/2033	305,000.00	5.000%	100.000	305,000.00
		<u>1,700,000.00</u>			<u>1,697,523.30</u>
U/L Tax Ref Bds Ser 2012:					
SERIAL	06/01/2022	685,000.00	3.000%	108.756	744,978.60
SERIAL	06/01/2023	710,000.00	3.000%	108.389	769,561.90
SERIAL	06/01/2024	1,600,000.00	3.000%	108.024	1,728,384.00
SERIAL	06/01/2025	730,000.00	3.000%	107.660	785,918.00
SERIAL	06/01/2026	750,000.00	3.000%	106.937	802,027.50
SERIAL	06/01/2027	1,110,000.00	3.000%	106.219	1,179,030.90
SERIAL	06/01/2028	1,145,000.00	3.000%	105.507	1,208,055.15
		<u>6,730,000.00</u>			<u>7,217,956.05</u>
		<u>10,125,000.00</u>			<u>10,610,479.35</u>

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
U/L Tax Ref Bds Ser 2011	06/01/2020	12/01/2014	4.7385
Sendero Springs & Cornerstone Defined Area U/L Tax Bds Ser 2011	05/20/2020	08/25/2011	8.8614
U/L Tax Ref Bds Ser 2012	06/01/2020	11/29/2012	5.2081
All Refunded Issues	06/01/2020		5.7176

ESCROW REQUIREMENTS

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Period Ending	Interest	Principal Redeemed	Total
05/20/2020	37,109.58	1,700,000.00	1,737,109.58
	37,109.58	1,700,000.00	1,737,109.58

ESCROW REQUIREMENTS

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Period Ending	Interest	Principal Redeemed	Total
06/01/2020	133,494.00	8,425,000.00	8,558,494.00
	133,494.00	8,425,000.00	8,558,494.00

ESCROW COST DETAIL

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
05/20/2020		1,737,109.59	1,737,109.59
	0.00	1,737,109.59	1,737,109.59

ESCROW COST DETAIL

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Escrow	Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
DSF	05/20/2020		91,000.00	91,000.00
B.P.	05/20/2020		8,467,494.00	8,467,494.00
		0.00	8,558,494.00	8,558,494.00

ESCROW SUFFICIENCY

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Prior Debt (PRI)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
05/20/2020	1,737,109.58	1,737,109.59	0.01	0.01
	1,737,109.58	1,737,109.59	0.01	

ESCROW SUFFICIENCY

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Prior Debt (PRI)

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
05/20/2020		8,558,494.00	8,558,494.00	8,558,494.00
06/01/2020	8,558,494.00		-8,558,494.00	
	8,558,494.00	8,558,494.00	0.00	

ESCROW STATISTICS

Brushy Creek Municipal Utility District
 Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
1,737,109.59				1,737,109.59		
1,737,109.59				1,737,109.59	0.00	0.00

Delivery date 05/20/2020
 Arbitrage yield 1.830190%

ESCROW STATISTICS

Brushy Creek Municipal Utility District
 U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
DSF	91,000.00				90,949.36		50.64
B.P.	8,467,494.00				8,462,781.61		4,712.39
	8,558,494.00				8,553,730.97	0.00	4,763.03

Delivery date 05/20/2020
 Arbitrage yield 1.830190%

COST OF ISSUANCE

Brushy Creek Municipal Utility District
 Combined Series 2020 District and DA Financings
 Verified Final Numbers

	Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020	U/L Tax Ref Bds Ser 2020	Total
Bond Counsel	17,950.00	81,400.00	99,350.00
Financial Advisor	17,950.00	81,400.00	99,350.00
Verification Agent	2,500.00	2,500.00	5,000.00
Rating Fee	13,000.00	15,000.00	28,000.00
Printing	3,500.00	3,500.00	7,000.00
Paying Agent (Administration)	1,000.00	1,000.00	2,000.00
Paying Agent (Acceptance)	1,000.00	1,000.00	2,000.00
Call Fees	500.00	1,000.00	1,500.00
Miscellaneous	7,500.00	7,500.00	15,000.00
S&P Insured Rating Fee	3,135.00		3,135.00
Attorney General Fee	1,795.00	8,140.00	9,935.00
Escrow Agent		2,500.00	2,500.00
	69,830.00	204,940.00	274,770.00

COST OF ISSUANCE

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Cost of Issuance	\$/1000	Amount
Bond Counsel	10.00000	17,950.00
Financial Advisor	10.00000	17,950.00
Verification Agent	1.39276	2,500.00
Rating Fee	7.24234	13,000.00
Printing	1.94986	3,500.00
Paying Agent (Administration)	0.55710	1,000.00
Paying Agent (Acceptance)	0.55710	1,000.00
Call Fees	0.27855	500.00
Miscellaneous	4.17827	7,500.00
S&P Insured Rating Fee	1.74652	3,135.00
Attorney General Fee	1.00000	1,795.00
	<u>38.90251</u>	<u>69,830.00</u>

COST OF ISSUANCE

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Cost of Issuance	\$/1000	Amount
Bond Counsel	10.00000	81,400.00
Financial Advisor	10.00000	81,400.00
Rating Fee	1.84275	15,000.00
Verification Agent	0.30713	2,500.00
Escrow Agent	0.30713	2,500.00
Paying Agent (Administration)	0.12285	1,000.00
Paying Agent (Acceptance)	0.12285	1,000.00
Call Fees	0.12285	1,000.00
Printing	0.42998	3,500.00
Miscellaneous	0.92138	7,500.00
Attorney General Fee	1.00000	8,140.00
	25.17690	204,940.00

UNDERWRITER'S DISCOUNT

Brushy Creek Municipal Utility District
 Combined Series 2020 District and DA Financings
 Verified Final Numbers

	Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020	U/L Tax Ref Bds Ser 2020	Total
Average Takedown	8,975.00	40,700.00	49,675.00
Management Fee	1,795.00	8,140.00	9,935.00
Expenses	2,423.25	3,256.00	5,679.25
Underwriter's Counsel	6,000.00	6,000.00	12,000.00
	19,193.25	58,096.00	77,289.25

UNDERWRITER'S DISCOUNT

Brushy Creek Municipal Utility District
Sendero Springs & Cornerstone Defined Area U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Underwriter's Discount	\$/1000	Amount
Average Takedown	5.00000	8,975.00
Management Fee	1.00000	1,795.00
Expenses	1.35000	2,423.25
Underwriter's Counsel	3.34262	6,000.00
	10.69262	19,193.25



UNDERWRITER'S DISCOUNT

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Underwriter's Discount	\$/1000	Amount
Average Takedown	5.00000	40,700.00
Management Fee	1.00000	8,140.00
Expenses	0.40000	3,256.00
Underwriter's Counsel	0.73710	6,000.00
	7.13710	58,096.00

April 26, 2020

Via E-Mail

Wells Fargo Bank, NA
Corporate Trust Services
600 S. 4th St., 6th Floor
MAC N9300-060
Minneapolis, MN 554159
ATTN: Jeffrey K. Carlson
Jeffrey.K.Carlson@wellsfargo.com

**Re: Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds,
Series 2012 (the "Refunded Bonds")**

Dear Jeff:

Enclosed please find a copy of the order ("Bond Order") authorizing **Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020** (the "Bonds"), the order authorizing the captioned bonds (the "Refunded Bonds") which Wells Fargo Bank, N.A. ("Wells Fargo") serves as Paying Agent/Registrar and the Conditional Notice of Redemption.

This letter and its enclosures are intended to serve as notice to Wells Fargo, as Paying Agent/Registrar for the Refunded Bonds, that certain of said Refunded Bonds have been called for redemption by the Brushy Creek Municipal Utility District as set forth in the Bond Order authorizing the Bonds. You are authorized and directed to take such steps as may be necessary to redeem the Refunded Bonds as provided in the order authorizing their issuance. You will need to provide notice to the bondholders of the redemption as soon as possible in order for the Refunded Bonds to be redeemed on the redemption date of June 1, 2020.

Please acknowledge receipt of this letter, your agreement to provide the requested services and that arrangements for the payment of all future paying agency services with respect to the Refunded Bonds have been made and that Wells Fargo will continue to perform paying agency services for such Refunded Bonds until redemption by executing an enclosed copy hereof and return it to me.

If you should have any questions, please do not hesitate to call me at your earliest convenience.

Very truly yours,

McCall, Parkhurst & Horton L.L.P.



Jacqueline Hale



WELLS FARGO BANK, N.A.

By: Jeffrey K. Cook
Date: 4-28-20

**CONDITIONAL NOTICE OF REDEMPTION
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

Conditional Notice is hereby given that the following obligations issued by Brushy Creek Municipal Utility District (the "District") have been called for redemption prior to their scheduled maturities, at a price of par and accrued interest to the date of redemption, to-wit:

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2012, outstanding obligations maturing on June 1 in each of the years 2022 through 2028 aggregating \$6,730,000 in principal amount.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>CUSIP*</u>
2022	\$ 685,000	3.000%	June 1, 2020	117464NW3
2023	\$ 710,000	3.000%	June 1, 2020	117464NX1
2024	\$1,600,000	3.000%	June 1, 2020	117464NY9
2025	\$ 730,000	3.000%	June 1, 2020	117464NZ6
2026	\$ 750,000	3.000%	June 1, 2020	117464PA9
2027	\$1,110,000	3.000%	June 1, 2020	117464PB7
2028	\$1,145,000	3.000%	June 1, 2020	117464PC5

*The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The District and Paying Agent shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein or as printed on any Bond.

THIS CONDITIONAL NOTICE OF DEFEASANCE/REDEMPTION and the payment of the principal of and interest on the aforesaid Obligations on the Redemption Date (as defined below) are subject to the issuance and delivery of the Brushy Creek Municipal Utility District Sendero Springs and Cornerstone Defined Area Unlimited Tax Refunding Bonds, Series 2020 (the "Refunding Bonds") on or before May 20, 2020 (the "Redemption Date"). Delivery of the Refunding Bonds is subject to market conditions and other closing requirements. In the event such Refunding Bonds are not issued on or before the Redemption Date, the conditional redemption of the Obligations shall be null and void and of no force and effect, and any Obligations delivered for redemption shall be returned to the respective owners thereof. In such case, said Obligations shall remain outstanding as though this Conditional Notice of Defeasance/Redemption had not been given.

IF THE REFUNDING BONDS ARE DELIVERED, the Obligations will be defeased through a deposit of funds and/or U.S. securities sufficient to pay the principal amount of the Obligations and the interest thereon to the Redemption Date on the date of delivery of the Refunding Bonds, currently scheduled for May 20, 2020, and the Obligations will no longer be outstanding under the ordinance authorizing their issuance but will be secured by and payable solely from amounts deposited with Wells Fargo Bank, N.A. as escrow agent.

If the Obligations are defeased and redeemed as provided in this Conditional Notice of Defeasance/Redemption, due provision for the payment of the Obligations shall have been made Wells Fargo Bank, N.A. (the "Bank"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

First Class/Registered/Certified Mail

Wells Fargo Bank, N.A.
Corporate Trust Operations
P.O. Box 1517
Minneapolis, MN 55480-1517

By Overnight or Courier

Wells Fargo Bank, N.A.
Corporate Trust Operations
N9303-121
6th & Marquette Avenue
Minneapolis, MN 55479

By Hand

Wells Fargo Bank, N.A.
Northstar East Building
608 2nd Ave. So., 12th Floor
Minneapolis, MN

Interest on the redeemed obligations shall cease to accrue thereon after their redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT



Wells Fargo Bank, N.A.
Corporate Trust Services

Certified Copy of General Signature
Resolution Relating to Execution
of Written Instruments

WELLS FARGO BANK, NATIONAL ASSOCIATION
ASSISTANT SECRETARY'S CERTIFICATE

I, Molly Vachuska, hereby certify that I am an Assistant Secretary of Wells Fargo Bank, National Association, a national banking association, (the "Bank"), and I hereby further certify as follows:

1. The following is a true and correct extract from resolutions duly adopted by the Board of Directors of the Bank on November 25, 2003, and no modification, amendment, rescission or revocation of such resolutions has occurred affecting such extract as of the date of this certificate.

RESOLVED, that for the purposes of these resolutions, "Executive Officer" shall mean any person specifically designated as an Executive Officer of the Bank by resolution of the Board of Directors, and "Signing Officer" shall mean the Chairman of the Board, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, the Treasurer, any Vice President, any Assistant Vice President, any person whose title includes the word "Officer" (e.g., Commercial Banking Officer, Personal Banking Officer, Trust Officer), or any other person whose title has been or is hereafter designated by the Board of Directors as a title for an officer of the Bank, and such officers are hereby authorized to sign agreements, instruments and other documents on behalf of the Bank in accordance with the signing authorities conferred in Parts A, B and C of these resolutions;

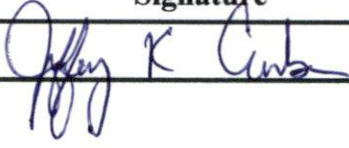
C. Signing Officers

FURTHER RESOLVED, that any Signing Officer, acting alone, may execute on behalf of the Bank, whether acting for its own account or in a fiduciary or other representative capacity:

Trust indentures, declarations of trust, trust and agency agreements, pooling and servicing agreements, fiscal and paying agency agreements, acceptances thereof, consents thereto and any similar agreements, however denominated, to which the Bank is a party in a fiduciary or other representative capacity; certificates of authentication or other indicia of valid issuance with respect to bonds, notes, debentures and other securities or obligations issued under any indenture, mortgage, trust or other agreement; certificates for securities deposited, interim certificates and other certificates for and on behalf of the Bank as depository or agent; countersignatures of stocks, bonds, notes, debentures, voting trust certificates, participation certificates and other certificates,

instruments, obligations or other securities on behalf of the Bank as trustee, fiscal and paying agent, transfer agent, registrar or in another similar capacity; and certificates of cancellation and cremation of stocks, bonds, debentures or other securities.

2. The following named persons are Signing Officers of the Bank as of the date hereof, and their correct titles and genuine signatures appear beside their names:

Name	Title	Signature
Jeffrey K. Carlson	Vice President	

IN WITNESS WHEREOF, I have hereunto set my hand this 12th *day of* May *2020.*



Molly Vachuska
Assistant Secretary

**EXTRACT OF AMENDED AND RESTATED BY-LAWS
OF
WELLS FARGO BANK, NATIONAL ASSOCIATION
(November 22, 2010)**

ARTICLE IV

Officers and Employees

Section 4.1 Appointment of Officers. The Board shall appoint a President, one or more Vice Presidents and a Secretary and may appoint a Chairman of the Board and such other officers as from time to time may appear to the Board to be required or desirable to transact the business of the Association. Only directors shall be eligible for appointment as President or Chairman of the Board. If a director other than the President is appointed Chairman of the Board, the Board shall designate either of these two officers as the chief executive officer of this Association. Any officer designated by the Director of Human Resources as the head of a business or staff group may appoint officers at the rank of Senior Vice President, Managing Director or below, and any such designated officer may delegate this authority to another officer.

Section 4.5 General Authority and Duties. Officers shall have the general powers and duties customarily vested in the office of such officers of a corporation and shall also exercise such powers and perform such duties as may be prescribed by the Articles of Association, by these by-laws, or by the laws or regulations governing the conduct of the business of national banking associations, and shall exercise such other powers and perform such other duties not inconsistent with the Articles of Association, these by-laws or laws or regulations as may be conferred upon or assigned to them by the Board or the chief executive officer.

ARTICLE VI

Corporate Seal

Section 6.1 Form. The corporate seal of the Association shall have inscribed thereon the name of the Association.

Section 6.2 Authority to Impress. The Chairman of the Board, if any, the President, the Secretary, any Assistant Secretary or other officer designated by the Board shall have authority to impress or affix the corporate seal to any document requiring such seal, and to attest the same.

May 20, 2020

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX REFUNDING BONDS, SERIES 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$8,140,000**

AS BOND COUNSEL FOR THE 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 February 11, 2020, authorizing the issuance of the Bonds and the pricing certificate executed by the pricing officer as authorized in the order (collectively, the "Order").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, and other documents authorizing and relating to the issuance of said Bonds, including 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 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 the sufficiency report of Robert Thomas CPA, LLC, and on certain representations, the accuracy of which we have not independently verified, and assume compliance by the District with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced 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,

May 20, 2020

Brushy Creek Municipal Utility District
16318 Great Oaks Drive
Round Rock, Texas 78681-2506

Raymond James & Associates, Inc.
5847 San Felipe, Suite 412
Houston, Texas 77057

**Re: \$8,140,000 Brushy Creek Municipal Utility District Unlimited Tax
Refunding Bonds, Series 2020**

Ladies and Gentlemen:

In reference to the issuance and sale of the above described bonds (the "Bonds"), we have served as Bond Counsel for Brushy Creek Municipal Utility District (the "District") and, in such capacity, prepared the order (the "Bond Order") authorizing the issuance of the Bonds, adopted by the Board of Directors of the District on February 11, 2020 which also approved and authorized the distribution of the Official Statement dated April 16, 2020 relating to the Bonds, (the "Official Statement") and approved and authorized the execution of the Escrow Agreement dated May 20, 2020 (the "Escrow Agreement"), the Pricing Certificate of the Pricing Officer dated April 16, 2020 (the "Pricing Certificate") and the Bond Purchase Agreement, dated April 16, 2020 relating to the Bonds by and between the District and Raymond James & Associates, Inc..

We have examined such documents and satisfied ourselves as to such matters as we have deemed necessary in order to enable us to express the opinions set forth below.

The Bond Order and Pricing Certificate have been duly adopted and are in full force and effect.

The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended, or to qualify the Order under the Trust Indenture Act of 1939, as amended.

We have not verified and are not passing upon, and do not assume any responsibility for, the accuracy, completeness or fairness of the statements and information contained in the Official Statement, but we have reviewed the information contained under the captions "PLAN OF FINANCING – Escrow Agreement," "THE BONDS (except for the subcaption "Book-Entry-Only System")," "LEGAL MATTERS," "TAX MATTERS," AND "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption



“Compliance with Prior Undertakings”) contained in the Official Statement and it is our opinion that the information , insofar as it relates to matters of law, is true and correct and fairly summarizes matters of law and provisions of the documents referred to therein.

Based on said examination, it is our opinion that the Refunded Bonds, as defined in the Pricing Certificate, are outstanding under the order authorizing their issuance only for the purpose of receiving the funds provided by, and are secured solely by and payable solely from, cash held by the Paying Agent. In rendering this opinion, we have relied upon the verification report of Robert Thomas CPA, LLP as to the sufficiency of the cash deposited with the Paying Agent for the purpose of paying such Refunded Bonds on the redemption date.

This letter is furnished to the addressees solely for your benefit and no other party is entitled to rely hereon.

Very truly yours,

v



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

May 20, 2020

THIS IS TO CERTIFY that Brushy Creek Municipal Utility District (the "Issuer") has submitted the Brushy Creek Municipal Utility District Unlimited Tax Refunding Bond, Series 2020 (the "Bond"), in the principal amount of \$8,140,000, for approval. The Bond is dated May 1, 2020, numbered T-1, and was authorized by an Order of the Issuer passed on February 1, 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:

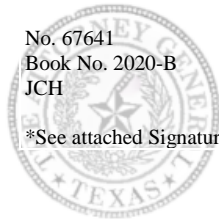
- (1) The Bond has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) In accordance with the provisions of the law, including an Escrow Agreement dated as of May 20, 2020, firm banking arrangements have been made for the discharge and final payment or redemption of the obligations being refunded upon deposit of an amount sufficient to pay said obligations when due.
- (3) 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.

The Comptroller is instructed that he may register the Bond without the cancellation of the underlying securities being refunded thereby.



Attorney General of the State of Texas



No. 67641
Book No. 2020-B
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

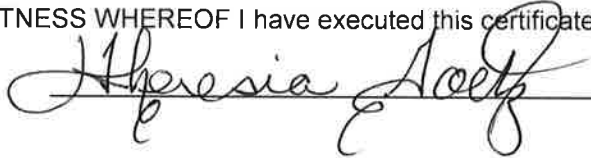
I, Theresia Goetz, Bond Clerk Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 20th day of May 2020, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

Brushy Creek Municipal Utility District Unlimited Tax Refunding Bond, Series 2020,

numbered T-1, dated May 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 20th day of May 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 93710.

GIVEN under my hand and seal of office at Austin, Texas, this the 20th day of May 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 Refunding Bond, Series 2020

numbered T-1, of the denomination of \$ 8,140,000, dated May 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 20th day of May 2020, under Registration Number 93710.

Given under my hand and seal of office, at Austin, Texas, the 20th day of May 2020.



A handwritten signature in black ink, appearing to read "Glenn Hegar".

GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas



202 Century Square Boulevard | Sugar Land, TX 77478 | 281.500.6050

May 20, 2020

Raymond James & Associates Inc.
5847 San Felipe, Suite 4125
Houston, Texas 77057

Dear Sir or Madam:

We have acted as counsel to you as Underwriter in connection with your purchase from Brushy Creek Municipal Utility District (“Issuer”) of its \$8,140,000 Unlimited Tax Refunding Bonds, Series 2020 (“Bonds”) pursuant to a Bond Purchase Agreement dated April 16, 2020 (“Bond Purchase Agreement”) between you and the Issuer. The Bonds are issued pursuant to the Order of the Board of Directors of the Issuer, dated February 11, 2020, and a pricing or approval certificate dated April 16, 2020, authorizing the issuance of the Bonds (collectively, “Bond Resolution”). Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Bond Purchase Agreement.

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.

Based on the foregoing, we are of the opinion that as of the date hereof and under existing law, the Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Bond Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended.

In providing the statement of belief set forth in the paragraph immediately below, reference is made to the Preliminary Official Statement, dated April 14, 2020, and the Official Statement, dated April 16, 2020 (collectively, “Official Statement”). As your 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 your benefit in your role as Underwriter 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



Jan Bartholomew
Managing Director
Public Finance

Phone: 713-230-6121
Email: jbartholomew@rwbaird.com

Date: May 18, 2020
To: Attached Distribution
From: Jan Bartholomew, Robert W. Baird & Co. Inc.
Re: Closing and Delivery
\$8,140,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds")
Brushy Creek Municipal Utility District (the "District")

Delivery of the Bonds is scheduled for Wednesday, May 20, 2020. Ms. Carol Polumbo of McCall, Parkhurst & Horton L.L.P., Austin, Texas, bond counsel to the District, will handle all legal matters related to the closing. Instructions for closing and delivery of the Bonds are as follows:

A. On May 19, 2020, by 3:00 p.m., central time, the District will wire \$91,000.00 from its debt service fund to Wells Fargo Bank, National Association (the "Paying Agent"), 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 Refunding, Series 2020
Attn: Jim Hood, 612-667-1256

B. On May 20, 2020, by 10:00 a.m., central time, Raymond James & Associates, Inc. (the "Underwriter") will wire \$8,688,699.80 to the Paying Agent, 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 Refunding, Series 2020
Attn: Jim Hood, 612-667-1256

The funds to be wired by the Underwriter to the Paying Agent are calculated as follows:

Par Amount of the Bonds:	\$ 8,140,000.00
Less Underwriter's Discount:	(58,096.00)
Plus Reoffering Premium:	592,973.30
<u>Plus Accrued Interest:</u>	<u>13,822.50</u>
Amount of Wire by Underwriter:	\$ 8,688,699.80

The total funds to be wired to the Paying Agent are calculated as follows:

Wire from the District:	\$ 91,000.00
<u>Wire from the Underwriter:</u>	<u>8,688,699.80</u>
Total Amount to Paying Agent:	\$ 8,779,699.80

C. Upon receipt of the total amount of \$8,779,699.80, the Paying Agent will apply funds as follows:

1. \$8,563,494.00 will be retained by the Paying Agent to (i) redeem the refunded bonds (\$8,558,494.00); (ii) pay the fee of Wells Fargo Bank for redemption of the 2012 refunded bonds (\$500.00); (iii) pay the escrow agent fee (\$2,500.00); and (iv) pay the acceptance fee and administration fee of the Paying Agent of the Bonds (\$2,000.00).

Wells Fargo Bank, N.A.
ABA No. 121 000 248
Account No. [REDACTED]
Account Name: Paying Agent Clearing Account
Ref: Brushy Creek MUD Refunding, Series 2020
Attn: Jim Hood 612-667-1256

2. \$13,822.50 (representing accrued interest on the Bonds to the date of delivery) 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

3. \$ [REDACTED] will be wired to McCall, Parkhurst & Horton, L.L.P. for bond counsel fees and expenses, as follows:

PlainsCapital Bank
325 N. St. Paul Street, Suite 175, Dallas, Texas 75201
ABA No. 111 322 994
Account No. [REDACTED]
(For Credit to: McCall, Parkhurst & Horton L.L.P. Operating Account)
Reference No. 3450.034

4. \$83,092.50 will be wired to Robert W. Baird & Co. Incorporated for financial advisory fees and expenses, as follows:

Robert W. Baird & Co. Incorporated
BMO Harris Bank
Beneficiary: Robert W. Baird & Co. Incorporated
ABA No. 071 000 288
Account No. [REDACTED]
Reference No. 288563

5. \$14,850.00 will be wired to Standard & Poor's Financial Services, LLC for the rating fee, as follows:

Bank of America
ABA No. 026 009 593
Account No. [REDACTED]
Account Name: S&P Global Ratings
Invoice No. 11388450; Customer No. 100110653



6. \$1,287.07 will be wired to digi-Color, L.P. 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. 20202892-01
Eli Palomo, 713-232-1141

7. \$1,050.00 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. 91082445

8. \$2,500.00 will be wired to Robert Thomas CPA, LLC for verification services, as follows:

Arvest Bank
ABA No. 082 900 872
Account No. [REDACTED]
Credit the account of Robert Thomas CPA, LLC
Invoice No. 202205

9. The remaining \$15,203.73 is to be wired to the District's general operating fund to pay any additional costs of issuance, 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- 2006801015

After 30 days, any such funds that remain unexpended are to be wired to the District's debt service fund.

If you have any questions, please contact Jan Bartholomew at 713-230-6121.

BOND COUNSEL

McCall, Parkhurst & Horton L.L.P.
600 Congress Avenue, Suite 1800
Austin, Texas 78701

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Crystal Lightfield
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UNDERWRITER

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Email: kristin.olivares@raymondjames.com

Buddy Kempf
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Email: Buddy.Kempf@RaymondJames.com

FINANCIAL ADVISOR

Robert W. Baird & Co. Incorporated
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Houston, Texas 77010

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David Wood
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UNDERWRITER'S COUNSEL

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Sugar Land, Texas 77478

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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

PAYING AGENT

Wells Fargo Corporate Trust Services
600 S 4th St, 6th Floor
Minneapolis, Minnesota 55415

Jeff Carlson
Phone: 612-667-4802
Email: Jeffrey.K.Carlson@wellsfargo.com

Jim Hood
Phone: 612-667-1256
Email: james.j.hood@wellsfargo.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

Mike Petter
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Email: m.petter@bcmud.org

Armida Macias
Phone: 512-255-7871
Email: A.Macias@bcmud.org

VERIFICATION AGENT

Robert Thomas CPA, LLC – Minneapolis Office
3300 Plymouth Blvd #46013
Minneapolis, Minnesota 55446

David LaFlamme
Phone: 763-442-5017
Email: dlaflamme@rthomascpa.com

M. Joseph Smith, CPA
Phone: 612-601-8995
Email: jsmith@rthomascpa.com

The undersigned acknowledges and approves disbursement of funds as set out above.

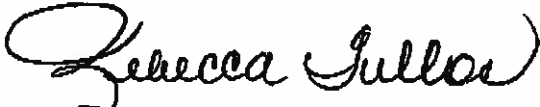
Brushy Creek Municipal Utility District

By: 
Authorized Representative

Name: Sheau Dalton

Title: GENERAL MANAGER

Date: 5/18/2020


Rebecca Tullios
Treasurer
5/18/2020

April 27, 2020

Via E-Mail

Mary Parrish Coley
Truist Bank
Governmental Finance Dept.
5130 Parkway Plaza Boulevard
Charlotte, NC 28217
MColey@BBandT.com

**Re: Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds,
Series 2011 (the "Refunded Bonds")**

Dear Mary:

Enclosed please find a copy of the order ("Bond Order") authorizing **Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020** (the "Bonds"), the order authorizing the captioned bonds (the "Refunded Bonds") which Branch Banking and Trust, now Truist Bank serves as Paying Agent/Registrar and the Conditional Notice of Redemption.

This letter and its enclosures are intended to serve as notice to Truist Bank, as Paying Agent/Registrar for the Refunded Bonds, that certain of said Refunded Bonds have been called for redemption by the Brushy Creek Municipal Utility District as set forth in the Bond Order authorizing the Bonds. You are authorized and directed to take such steps as may be necessary to redeem the Refunded Bonds as provided in the order authorizing their issuance. You will need to provide notice to the bondholders of the redemption as soon as possible in order for the Refunded Bonds to be redeemed on the redemption date of June 1, 2020.

Please acknowledge receipt of this letter, your agreement to provide the requested services and that arrangements for the payment of all future paying agency services with respect to the Refunded Bonds have been made and that Truist Bank will continue to perform paying agency services for such Refunded Bonds until redemption by executing an enclosed copy hereof and return it to me.

If you should have any questions, please do not hesitate to call me at your earliest convenience.

Very truly yours,

McCall, Parkhurst & Horton L.L.P.



Jacqueline Hale



TRUIST BANK

By: Will B. D. J.

Date: 4/28/2020

**CONDITIONAL NOTICE OF REDEMPTION
BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**

Conditional Notice is hereby given that the following obligations issued by Brushy Creek Municipal Utility District (the "District") have been called for redemption prior to their scheduled maturities, at a price of par and accrued interest to the date of redemption, to-wit:

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2011, outstanding obligations maturing on June 1 in each of the years 2021 through 2028, aggregating \$1,695,000 in principal.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>
2021	\$185,000	3.840%	June 1, 2020
2022	\$190,000	3.840%	June 1, 2020
2023	\$200,000	3.840%	June 1, 2020
2024	\$205,000	3.840%	June 1, 2020
2025	\$215,000	3.840%	June 1, 2020
2026	\$225,000	3.840%	June 1, 2020
2027	\$230,000	3.840%	June 1, 2020
2028	\$245,000	3.840%	June 1, 2020

THIS CONDITIONAL NOTICE OF DEFEASANCE/REDEMPTION and the payment of the principal of and interest on the aforesaid Obligations on the Redemption Date (as defined below) are subject to the issuance and delivery of the Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2020 (the "Refunding Bonds") on or before June 1, 2020 (the "Redemption Date"). Delivery of the Refunding Bonds is subject to market conditions and other closing requirements. In the event such Refunding Bonds are not issued on or before the Redemption Date, the conditional redemption of the Obligations shall be null and void and of no force and effect, and any Obligations delivered for redemption shall be returned to the respective owners thereof. In such case, said Obligations shall remain outstanding as though this Conditional Notice of Defeasance/Redemption had not been given.

IF THE REFUNDING BONDS ARE DELIVERED, the Obligations will be defeased through a deposit of funds and/or U.S. securities sufficient to pay the principal amount of the Obligations and the interest thereon to the Redemption Date on the date of delivery of the Refunding Bonds, currently scheduled for May 20, 2020, and the Obligations will no longer be outstanding under the ordinance authorizing their issuance but will be secured by and payable solely from amounts deposited with Wells Fargo Bank, N.A. as escrow agent.

If the Obligations are defeased and redeemed as provided in this Conditional Notice of Defeasance/Redemption, due provision for the payment of the Obligations shall have been made to Truist Bank, the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

First Class/Registered/Certified Mail

Truist Bank
Governmental Finance Dept.
5130 Parkway Plaza Boulevard
Charlotte, NC 28217

By Overnight or Courier

Truist Bank
Governmental Finance Dept.
5130 Parkway Plaza Boulevard
Charlotte, NC 28217

By Hand

Truist Bank
Governmental Finance Dept.
5130 Parkway Plaza Boulevard
Charlotte, NC 28217

Interest on the redeemed obligations shall cease to accrue thereon after their redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT



**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020**

Verification Report
May 20, 2020

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

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INDEPENDENT ACCOUNTANT'S VERIFICATION REPORT

May 20, 2020

Brushy Creek Municipal Utility District ("Issuer")
Williamson County, Texas

Wells Fargo Bank, N.A. ("Refunded Bonds Paying Agent")
Minneapolis, Minnesota

Robert W. Baird & Co. Incorporated ("Municipal Advisor")
Houston, Texas

Raymond James & Associates, Inc. ("Underwriter")
Dallas, Texas

McCall, Parkhurst & Horton L.L.P. ("Bond Counsel")
Austin, Texas

Texas Attorney General ("Texas AG")
Austin, Texas

Pursuant to the request of the Municipal Advisor, on behalf of the Issuer, we have performed certain procedures, as discussed below, in connection with the Issuer's proposed issuance of \$8,140,000 Unlimited Tax Refunding Bonds, Series 2020, dated May 1, 2020 (the "Series 2020 Bonds"). The Issuer is also issuing \$1,795,000 Sendero Springs and Cornerstone Defined Area Unlimited Tax Refunding Bonds, Series 2020, dated May 1, 2020 (the "Defined Area Series 2020 Bonds", and together with the Series 2020 Bonds, the "Bonds").

Proceeds from the Series 2020 Bonds will be used to currently refund a portion of the Issuer's outstanding Unlimited Tax Refunding Bond, Series 2011, dated September 15, 2011 (the "Refunded 2011 Bonds") and Unlimited Tax Refunding Bonds, Series 2012, dated November 1, 2012 (the "Refunded 2012 Bonds") (collectively, the "Refunded Bonds") as listed below.

Issue	Original Principal Amount	Par Amount Refunded	Maturity Dates	Call Date	Call Price
<i>Unlimited Tax Refunding Bond, Series 2011</i>	\$2,085,000	\$1,695,000	Term bond maturing 6/1/2028	June 1, 2020	100.00
<i>Unlimited Tax Refunding Bonds, Series 2012</i>	\$9,260,000	\$6,730,000	Serial bonds maturing 6/1/2022 through 6/1/2028	June 1, 2020	100.00

The procedures, as summarized below, were performed solely to assist the addressees of this report in evaluating the mathematical accuracy of certain schedules prepared by the Municipal Advisor which indicate that:

- there will be sufficient funds available in an escrow account (the “Escrow Fund”), to be established on May 20, 2020, to pay the payments of principal and interest related to the Refunded Bonds (the “Escrow Requirements”), assuming (i) the Refunded 2011 Bonds, in the aggregate principal amount of \$1,695,000 will be called and redeemed on the optional redemption date of June 1, 2020 at 100.00 percent of the principal amount thereof plus accrued interest and (ii) the Refunded 2012 Bonds, in the aggregate principal amount of \$6,730,000 will be called and redeemed on the optional redemption date of June 1, 2020 at 100.00 percent of the principal amount thereof plus accrued interest; and
- the yield on the Bonds is as shown in our report.

The procedures we performed are summarized below:

1. We independently calculated the Escrow Requirements related to the Refunded Bonds, using information from the Bond Orders and Notice of Redemption for the Refunded Bonds and Pricing Certificate for the Refunded 2012 Bonds (the “Prior Bond Documents”), compared the Escrow Requirements to the Municipal Advisor’s schedules, and found the Escrow Requirements to be in agreement. We assume the Prior Bond Documents to be accurate and have relied solely on the documents named in this paragraph to calculate Escrow Requirements.
2. Using the results of our independent calculations described in procedure 1 and assuming a cash deposit to the Escrow Fund of \$8,558,494.00 on May 20, 2020, we prepared an Escrow Fund cash flow schedule (attached hereto as Exhibit B). The resulting cash flow schedule indicates that there will be sufficient funds available in the Escrow Fund to pay the Escrow Requirements on a timely basis.
3. We compared pertinent terms of the Refunded Bonds (i.e., debt service payment dates, annual maturity amounts, interest rates, and optional and mandatory redemption provisions), as summarized herein, to the information from the Prior Bond Documents; we found the terms to be in agreement.
4. We compared the maturity and interest payment dates, interest rates, principal maturity amounts and issue prices to the public of the Series 2020 Bonds, to the Official Statement and information for the Series 2020 Bonds provided to us by the Municipal Advisor; we found the terms to be in agreement.
5. We independently calculated the yield on the Bonds assuming a settlement date of May 20, 2020. The term “yield,” as used herein, means that yield which, when used in computing the present value of all payments of principal and interest on an obligation, compounded semi-annually, using a 30/360-day year basis, produces an amount equal to the issue price for the Bonds, adjusted for the Bond insurance premium on the Defined Area Series 2020 Bonds.

The result of our yield calculation, which is listed below, was compared to the yield calculation provided by the Municipal Advisor; we found the yield to be in agreement.

	YIELD	EXHIBIT
• Yield on the Bonds	1.830190%	D

Based on performing the aforementioned procedures, we have found that those schedules provided by the Municipal Advisor, when compared to those schedules prepared by us (attached hereto as Exhibits), are arithmetically accurate and reflect, based on the assumptions set forth herein, that:

- there will be sufficient funds available in the Escrow Fund to pay the Escrow Requirements on a timely basis; and
- the yield on the Bonds is as shown in our report.

This engagement was performed in accordance with consulting service standards established by the American Institute of Certified Public Accountants (the "AICPA"). The sufficiency of these procedures is solely the responsibility of the specified users of the report. We make no representation regarding the sufficiency of the procedures summarized above, either for the purpose for which this report has been requested or for any other purpose.

The results of our independent calculations with respect to the proposed transactions are summarized in the accompanying exhibits. The original computations, along with related characteristics and assumptions contained herein, were provided by the Municipal Advisor on behalf of the Issuer. We relied solely on this information and these assumptions and limited our work to performing those procedures set forth above.

This report is issued solely for the information of, and assistance to, the addressees of this report and is not to be quoted or referred to in any document, except for the Official Statement and the required closing transaction documents. Additionally, this report should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under the terms of our engagement, we have no obligation to update this report because of events or transactions occurring subsequent to the date of this report.



Overland Park, Kansas

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

SCHEDULE OF SOURCES AND USES OF FUNDS

May 20, 2020

SOURCES:

Principal amount of the Series 2020 Bonds	\$8,140,000.00
Original issue premium	592,973.30
Accrued interest	13,822.50
Debt Service Surplus	91,000.00
	<hr/>
	\$8,837,795.80
	<hr/> <hr/>

USES:

Cash deposit to the Escrow Fund	\$8,558,494.00
Costs of issuance	204,940.00
Underwriter's discount	58,096.00
Accrued Interest	13,822.50
Contingency	2,443.30
	<hr/>
	\$8,837,795.80
	<hr/> <hr/>

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

ESCROW FUND CASH FLOW

<u>Dates</u>	<u>Debt service payments on Refunded Bonds (Exhibits B-1 and B-2)</u>	<u>Cash balance</u>
Cash deposit on May 20, 2020		\$8,558,494.00
06-01-20	\$8,558,494.00	0.00
	<u>\$8,558,494.00</u>	

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

DEBT SERVICE TO MATURITY AND ESCROW REQUIREMENTS
FOR THE REFUNDED 2011 BONDS

Remaining Scheduled Debt Service
Payments to Original Maturity Date
(For Reference Purposes Only)

Date	Principal	Interest rate	Interest	Debt service payments	Escrow Requirements
06-01-20			\$32,544.00	\$32,544.00	\$1,727,544.00
12-01-20			32,544.00	32,544.00	
06-01-21	\$185,000	3.840% (T28)	32,544.00	217,544.00	
12-01-21			28,992.00	28,992.00	
06-01-22	190,000	3.840% (T28)	28,992.00	218,992.00	
12-01-22			25,344.00	25,344.00	
06-01-23	200,000	3.840% (T28)	25,344.00	225,344.00	
12-01-23			21,504.00	21,504.00	
06-01-24	205,000	3.840% (T28)	21,504.00	226,504.00	
12-01-24			17,568.00	17,568.00	
06-01-25	215,000	3.840% (T28)	17,568.00	232,568.00	
12-01-25			13,440.00	13,440.00	
06-01-26	225,000	3.840% (T28)	13,440.00	238,440.00	
12-01-26			9,120.00	9,120.00	
06-01-27	230,000	3.840% (T28)	9,120.00	239,120.00	
12-01-27			4,704.00	4,704.00	
06-01-28	245,000	3.840% (T28)	4,704.00	249,704.00	
	<u>\$1,695,000</u>		<u>\$338,976.00</u>	<u>\$2,033,976.00</u>	<u>\$1,727,544.00</u>

(To Exhibit B)

(T28) Term bond due June 1, 2028

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

DEBT SERVICE TO MATURITY AND ESCROW REQUIREMENTS
FOR THE REFUNDED 2012 BONDS

Remaining Scheduled Debt Service
Payments to Original Maturity Date
(For Reference Purposes Only)

Date	Principal	Interest rate	Interest	Debt service payments	Escrow Requirements
06-01-20			\$100,950.00	\$100,950.00	\$6,830,950.00
12-01-20			100,950.00	100,950.00	
06-01-21			100,950.00	100,950.00	
12-01-21			100,950.00	100,950.00	
06-01-22	\$685,000	3.000%	100,950.00	785,950.00	
12-01-22			90,675.00	90,675.00	
06-01-23	710,000	3.000%	90,675.00	800,675.00	
12-01-23			80,025.00	80,025.00	
06-01-24	1,600,000	3.000%	80,025.00	1,680,025.00	
12-01-24			56,025.00	56,025.00	
06-01-25	730,000	3.000%	56,025.00	786,025.00	
12-01-25			45,075.00	45,075.00	
06-01-26	750,000	3.000%	45,075.00	795,075.00	
12-01-26			33,825.00	33,825.00	
06-01-27	1,110,000	3.000%	33,825.00	1,143,825.00	
12-01-27			17,175.00	17,175.00	
06-01-28	1,145,000	3.000%	17,175.00	1,162,175.00	
	<u>\$6,730,000</u>		<u>\$1,150,350.00</u>	<u>\$7,880,350.00</u>	<u>\$6,830,950.00</u>

(To Exhibit B)

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

DEBT SERVICE PAYMENTS ON THE SERIES 2020 BONDS

Date	\$8,140,000 issue dated May 1, 2020			Total debt service
	Principal	Interest rate	Interest	
12-01-20			\$152,775.00	\$152,775.00
06-01-21	\$150,000	3.000%	130,950.00	280,950.00
12-01-21			128,700.00	128,700.00
06-01-22	835,000	3.000%	128,700.00	963,700.00
12-01-22			116,175.00	116,175.00
06-01-23	870,000	3.000%	116,175.00	986,175.00
12-01-23			103,125.00	103,125.00
06-01-24	1,770,000	4.000%	103,125.00	1,873,125.00
12-01-24			67,725.00	67,725.00
06-01-25	915,000	3.000%	67,725.00	982,725.00
12-01-25			54,000.00	54,000.00
06-01-26	945,000	3.000%	54,000.00	999,000.00
12-01-26			39,825.00	39,825.00
06-01-27	1,305,000	3.000%	39,825.00	1,344,825.00
12-01-27			20,250.00	20,250.00
06-01-28	1,350,000	3.000%	20,250.00	1,370,250.00
	<u>\$8,140,000</u>		<u>\$1,343,325.00</u>	<u>\$9,483,325.00</u>

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

ORIGINAL ISSUE PREMIUM ON THE SERIES 2020 BONDS

Maturity date	Principal	Interest rate	Yield	Initial public offering price	Original issue premium
06-01-21	\$150,000	3.000%	1.380%	101.651%	\$2,476.50
06-01-22	835,000	3.000%	1.400%	103.191%	26,644.85
06-01-23	870,000	3.000%	1.420%	104.670%	40,629.00
06-01-24	1,770,000	4.000%	1.450%	109.947%	176,061.90
06-01-25	915,000	3.000%	1.550%	106.990%	63,958.50
06-01-26	945,000	3.000%	1.700%	107.420%	70,119.00
06-01-27	1,305,000	3.000%	1.800%	107.891%	102,977.55
06-01-28	1,350,000	3.000%	1.900%	108.156%	110,106.00
	<u>\$8,140,000</u>				<u>\$592,973.30</u>

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

YIELD ON THE BONDS

Date	Debt Service on the Series 2020 Bonds (Exhibit C)	(1) Debt Service on the Defined Area Series 2020 Bonds	Total Debt Service	Present value on May 20, 2020 using a yield of 1.830190%
12-01-20	\$152,775.00	\$24,773.44	\$177,548.44	\$175,840.52
06-01-21	280,950.00	36,234.38	317,184.38	311,284.69
12-01-21	128,700.00	21,009.38	149,709.38	145,592.44
06-01-22	963,700.00	126,009.38	1,089,709.38	1,050,133.20
12-01-22	116,175.00	19,434.38	135,609.38	129,499.26
06-01-23	986,175.00	129,434.38	1,115,609.38	1,055,683.15
12-01-23	103,125.00	17,784.38	120,909.38	113,377.08
06-01-24	1,873,125.00	132,784.38	2,005,909.38	1,863,890.85
12-01-24	67,725.00	16,059.38	83,784.38	77,146.47
06-01-25	982,725.00	136,059.38	1,118,784.38	1,020,806.19
12-01-25	54,000.00	14,259.38	68,259.38	61,716.75
06-01-26	999,000.00	139,259.38	1,138,259.38	1,019,825.51
12-01-26	39,825.00	13,009.38	52,834.38	46,907.80
06-01-27	1,344,825.00	133,009.38	1,477,834.38	1,300,163.99
12-01-27	20,250.00	11,809.38	32,059.38	27,949.32
06-01-28	1,370,250.00	136,809.38	1,507,059.38	1,301,938.49
12-01-28		10,559.38	10,559.38	9,039.45
06-01-29		135,559.38	135,559.38	114,994.59
12-01-29		9,231.25	9,231.25	7,759.83
06-01-30		134,231.25	134,231.25	111,812.20
12-01-30		7,903.13	7,903.13	6,523.46
06-01-31		142,903.13	142,903.13	116,886.68
12-01-31		6,468.75	6,468.75	5,243.09
06-01-32		291,468.75	291,468.75	234,100.87
12-01-32		3,262.50	3,262.50	2,596.60
06-01-33		293,262.50	293,262.50	231,289.17
	<u>\$9,483,325.00</u>	<u>\$2,142,589.06</u>	<u>\$11,625,914.06</u>	<u>\$10,542,001.68</u>

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
(WILLIAMSON COUNTY, TEXAS)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

YIELD ON THE BONDS

The present value of the future payments is equal to:

Principal amount of the Series 2020 Bonds	\$8,140,000.00
Accrued interest on the Series 2020 Bonds	13,822.50
Original issue premium on the Series 2020 Bonds	592,973.30
Principal amount of the Defined Area Series 2020 Bonds	1,795,000.00
Accrued interest on the Defined Area Series 2020 Bonds	2,241.41
Net original issue premium on the Defined Area Series 2020 Bonds	2,249.65
Bond insurance premium on the Defined Area Series 2020 Bonds	(4,285.18)
	<hr/>
	\$10,542,001.68
	<hr/> <hr/>

The sum of the present values of the debt service payments of the Bonds on May 20, 2020, using a yield of 1.830190%, is equal to the issue price of the Bonds adjusted for the Defined Area Series 2020 Bond insurance premium.

(1) As shown in the Verification Report dated May 20, 2020.

Appendix I

**Applicable Schedules Provided by
Robert W. Baird & Co., Incorporated**



SOURCES AND USES OF FUNDS

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Dated Date 05/01/2020
Delivery Date 05/20/2020

Sources:

Bond Proceeds:	
Par Amount	8,140,000.00
Accrued Interest	13,822.50
Premium	<u>592,973.30</u>
	8,746,795.80
Other Sources of Funds:	
Debt Service Surplus	91,000.00
	<u>8,837,795.80</u>

Uses:

Refunding Escrow Deposits:	
Cash Deposit	8,558,494.00
Other Fund Deposits:	
Accrued Interest	13,822.50
Cost of Issuance:	
Bond Counsel	81,400.00
Financial Advisor	81,400.00
Rating Fee	15,000.00
Verification Agent	2,500.00
Escrow Agent	2,500.00
Paying Agent (Administration)	1,000.00
Paying Agent (Acceptance)	1,000.00
Call Fees	1,000.00
Printing	3,500.00
Miscellaneous	7,500.00
Attorney General Fee	<u>8,140.00</u>
	204,940.00
Delivery Date Expenses:	
Underwriter's Discount	58,096.00
Other Uses of Funds:	
Additional Proceeds	2,443.30
	<u>8,837,795.80</u>

ESCROW SUFFICIENCY

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
05/20/2020		8,558,494.00	8,558,494.00	8,558,494.00
06/01/2020	8,558,494.00		-8,558,494.00	
	8,558,494.00	8,558,494.00	0.00	

ESCROW REQUIREMENTS

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Period Ending	Interest	Principal Redeemed	Total
06/01/2020	133,494.00	8,425,000.00	8,558,494.00
	133,494.00	8,425,000.00	8,558,494.00



SUMMARY OF BONDS REFUNDED

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
U/L Tax Ref Bds Ser 2011, 2011, SERIAL:					
	06/01/2021	3.840%	185,000.00	06/01/2020	100.000
	06/01/2022	3.840%	190,000.00	06/01/2020	100.000
	06/01/2023	3.840%	200,000.00	06/01/2020	100.000
	06/01/2024	3.840%	205,000.00	06/01/2020	100.000
	06/01/2025	3.840%	215,000.00	06/01/2020	100.000
	06/01/2026	3.840%	225,000.00	06/01/2020	100.000
	06/01/2027	3.840%	230,000.00	06/01/2020	100.000
	06/01/2028	3.840%	<u>245,000.00</u>	06/01/2020	100.000
			1,695,000.00		
U/L Tax Ref Bds Ser 2012, 2012, SERIAL:					
	06/01/2022	3.000%	685,000.00	06/01/2020	100.000
	06/01/2023	3.000%	710,000.00	06/01/2020	100.000
	06/01/2024	3.000%	1,600,000.00	06/01/2020	100.000
	06/01/2025	3.000%	730,000.00	06/01/2020	100.000
	06/01/2026	3.000%	750,000.00	06/01/2020	100.000
	06/01/2027	3.000%	1,110,000.00	06/01/2020	100.000
	06/01/2028	3.000%	<u>1,145,000.00</u>	06/01/2020	100.000
			6,730,000.00		
			<u>8,425,000.00</u>		

PRIOR BOND DEBT SERVICE

Brushy Creek Municipal Utility District
 U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2020			133,494.00	133,494.00	
12/01/2020			133,494.00	133,494.00	
12/31/2020					266,988.00
06/01/2021	185,000.00	3.840%	133,494.00	318,494.00	
12/01/2021			129,942.00	129,942.00	
12/31/2021					448,436.00
06/01/2022	875,000.00	** %	129,942.00	1,004,942.00	
12/01/2022			116,019.00	116,019.00	
12/31/2022					1,120,961.00
06/01/2023	910,000.00	** %	116,019.00	1,026,019.00	
12/01/2023			101,529.00	101,529.00	
12/31/2023					1,127,548.00
06/01/2024	1,805,000.00	** %	101,529.00	1,906,529.00	
12/01/2024			73,593.00	73,593.00	
12/31/2024					1,980,122.00
06/01/2025	945,000.00	** %	73,593.00	1,018,593.00	
12/01/2025			58,515.00	58,515.00	
12/31/2025					1,077,108.00
06/01/2026	975,000.00	** %	58,515.00	1,033,515.00	
12/01/2026			42,945.00	42,945.00	
12/31/2026					1,076,460.00
06/01/2027	1,340,000.00	** %	42,945.00	1,382,945.00	
12/01/2027			21,879.00	21,879.00	
12/31/2027					1,404,824.00
06/01/2028	1,390,000.00	** %	21,879.00	1,411,879.00	
12/31/2028					1,411,879.00
	8,425,000.00		1,489,326.00	9,914,326.00	9,914,326.00

BOND DEBT SERVICE

Brushy Creek Municipal Utility District
 U/L Tax Ref Bds Ser 2020
 Verified Final Numbers
 04-16-20

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2020			152,775.00	152,775.00	
12/31/2020					152,775.00
06/01/2021	150,000.00	3.000%	130,950.00	280,950.00	
12/01/2021			128,700.00	128,700.00	
12/31/2021					409,650.00
06/01/2022	835,000.00	3.000%	128,700.00	963,700.00	
12/01/2022			116,175.00	116,175.00	
12/31/2022					1,079,875.00
06/01/2023	870,000.00	3.000%	116,175.00	986,175.00	
12/01/2023			103,125.00	103,125.00	
12/31/2023					1,089,300.00
06/01/2024	1,770,000.00	4.000%	103,125.00	1,873,125.00	
12/01/2024			67,725.00	67,725.00	
12/31/2024					1,940,850.00
06/01/2025	915,000.00	3.000%	67,725.00	982,725.00	
12/01/2025			54,000.00	54,000.00	
12/31/2025					1,036,725.00
06/01/2026	945,000.00	3.000%	54,000.00	999,000.00	
12/01/2026			39,825.00	39,825.00	
12/31/2026					1,038,825.00
06/01/2027	1,305,000.00	3.000%	39,825.00	1,344,825.00	
12/01/2027			20,250.00	20,250.00	
12/31/2027					1,365,075.00
06/01/2028	1,350,000.00	3.000%	20,250.00	1,370,250.00	
12/31/2028					1,370,250.00
	8,140,000.00		1,343,325.00	9,483,325.00	9,483,325.00



BOND PRICING

Brushy Creek Municipal Utility District
U/L Tax Ref Bds Ser 2020
Verified Final Numbers
04-16-20

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Serial Bond:						
	06/01/2021	150,000.00	3.000%	1.380%	101.651	2,476.50
	06/01/2022	835,000.00	3.000%	1.400%	103.191	26,644.85
	06/01/2023	870,000.00	3.000%	1.420%	104.670	40,629.00
	06/01/2024	1,770,000.00	4.000%	1.450%	109.947	176,061.90
	06/01/2025	915,000.00	3.000%	1.550%	106.990	63,958.50
	06/01/2026	945,000.00	3.000%	1.700%	107.420	70,119.00
	06/01/2027	1,305,000.00	3.000%	1.800%	107.891	102,977.55
	06/01/2028	1,350,000.00	3.000%	1.900%	108.156	110,106.00
		8,140,000.00				592,973.30

Dated Date	05/01/2020	
Delivery Date	05/20/2020	
First Coupon	12/01/2020	
Par Amount	8,140,000.00	
Premium	592,973.30	
Production	8,732,973.30	107.284684%
Underwriter's Discount	-58,096.00	-0.713710%
Purchase Price	8,674,877.30	106.570974%
Accrued Interest	13,822.50	
Net Proceeds	8,688,699.80	



PROOF OF ARBITRAGE YIELD

Brushy Creek Municipal Utility District
Combined Series 2020 District and DA Financings
Verified Final Numbers

Date	Debt Service	Total	Present Value to 05/20/2020 @ 1.8301900137%
12/01/2020	177,548.44	177,548.44	175,840.52
06/01/2021	317,184.38	317,184.38	311,284.69
12/01/2021	149,709.38	149,709.38	145,592.44
06/01/2022	1,089,709.38	1,089,709.38	1,050,133.20
12/01/2022	135,609.38	135,609.38	129,499.26
06/01/2023	1,115,609.38	1,115,609.38	1,055,683.15
12/01/2023	120,909.38	120,909.38	113,377.08
06/01/2024	2,005,909.38	2,005,909.38	1,863,890.85
12/01/2024	83,784.38	83,784.38	77,146.47
06/01/2025	1,118,784.38	1,118,784.38	1,020,806.19
12/01/2025	68,259.38	68,259.38	61,716.75
06/01/2026	1,138,259.38	1,138,259.38	1,019,825.51
12/01/2026	52,834.38	52,834.38	46,907.80
06/01/2027	1,477,834.38	1,477,834.38	1,300,163.99
12/01/2027	32,059.38	32,059.38	27,949.32
06/01/2028	1,507,059.38	1,507,059.38	1,301,938.48
12/01/2028	10,559.38	10,559.38	9,039.45
06/01/2029	135,559.38	135,559.38	114,994.59
12/01/2029	9,231.25	9,231.25	7,759.83
06/01/2030	134,231.25	134,231.25	111,812.20
12/01/2030	7,903.13	7,903.13	6,523.46
06/01/2031	142,903.13	142,903.13	116,886.68
12/01/2031	6,468.75	6,468.75	5,243.09
06/01/2032	291,468.75	291,468.75	234,100.87
12/01/2032	3,262.50	3,262.50	2,596.60
06/01/2033	293,262.50	293,262.50	231,289.17
	11,625,914.06	11,625,914.06	10,542,001.68

Proceeds Summary

Delivery date	05/20/2020
Par Value	9,935,000.00
Accrued interest	16,063.91
Premium (Discount)	595,222.95
Arbitrage expenses	-4,285.18
Target for yield calculation	10,542,001.68

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 for instructions and the latest information.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name Brushy Creek Municipal Utility District		2 Issuer's employer identification number (EIN) 74-2006801	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) None		3b Telephone number of other person shown on 3a N/A	
4 Number and street (or P.O. box if mail is not delivered to street address) Room/suite 16318 Great Oaks Drive		5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Round Rock, Texas 78681		7 Date of issue 05/20/2020	
8 Name of issue Unlimited Tax Refunding Bonds, Series 2020 & Sendero Springs and Cornerstone Defined Area Unlimited Tax Refunding Bonds, Series 2020		9 CUSIP number 117464 TF4 & 117464 TU1 (Defined Area)	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Mike Petter, Chief Financial Officer		10b Telephone number of officer or other employee shown on 10a (512) 255-7871	

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	10,530,223	
18 Other. Describe ►	18		
19a If bonds are TANs or RANs, check only box 19a			<input type="checkbox"/>
b If bonds are BANs, check only box 19b			<input type="checkbox"/>
20 If bonds are in the form of a lease or installment sale, check box			<input type="checkbox"/>

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	06/01/2033	\$ 10,530,223	\$ 9,935,000	5.72 years	1.8301 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	16,064
23 Issue price of entire issue (enter amount from line 21, column (b))	23	10,530,223
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	352,059
25 Proceeds used for credit enhancement	25	4,285
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	10,169,604
28 Proceeds used to refund prior taxable bonds. Complete Part V	28	0
29 Total (add lines 24 through 28)	29	10,525,948
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	4,275

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	►	5.71 years
32 Enter the remaining weighted average maturity of the taxable bonds to be refunded	►	N/A years
33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	►	06/01/2020
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	08/25/2011; 09/15/2011; 11/29/2012

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63773S

Form **8038-G** (Rev. 9-2018)

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a	0
b	Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0
38a	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	Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____		
c	Enter the EIN of the issuer of the master pool bond ▶ _____		
d	Enter the name of the issuer of the master pool bond ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	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"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
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: Mike Petter Date: 05/20/2020 Type or print name and title: Mike Petter, Chief Financial Officer

Paid Preparer Use Only

Print/Type preparer's name Harold T. Flanagan	Preparer's signature <i>Harold T. Flanagan</i>	Date 05/07/2020	Check <input type="checkbox"/> if self-employed	PTIN P01071147
Firm's name ▶ McCall, Parkhurst & Horton L.L.P.		Firm's EIN ▶ 75-0799392		
Firm's address ▶ 717 N. Harwood, Suite 900, Dallas, TX 75201		Phone no. 214-754-9200		

**UNITED STATES OF AMERICA
STATE OF TEXAS**

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

NO. R-1

**PRINCIPAL
AMOUNT
\$915,000**

<u>INTEREST RATE</u>	<u>DATE OF BONDS</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
3.000%	May 1, 2020	June 1, 2021	117464SY4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: NINE HUNDRED FIFTEEN 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 May 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 Minneapolis, Minnesota. 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 close of business on the fifteenth calendar day of the month (whether or not a business day) preceding each such date whether or not a business day (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 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, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, or day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed; 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 May 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 **\$8,140,000 FOR PURPOSES OF REFUNDING THE REFUNDED BONDS AND PAYING CERTAIN COSTS OF ISSUING THE BONDS**. Terms used herein and not otherwise defined shall have the meanings given in the Bond Order.

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, and to secure the Bonds and any other bonds of the District or such districts by a pledge of the net revenues of the consolidated system. 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 obligations in an amount sufficient to defease the Bonds is 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, whereunder the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on 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.

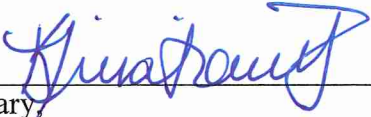
THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order unless this Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon or (b) is authenticated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



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, N.A.,
Minneapolis, Minnesota
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)

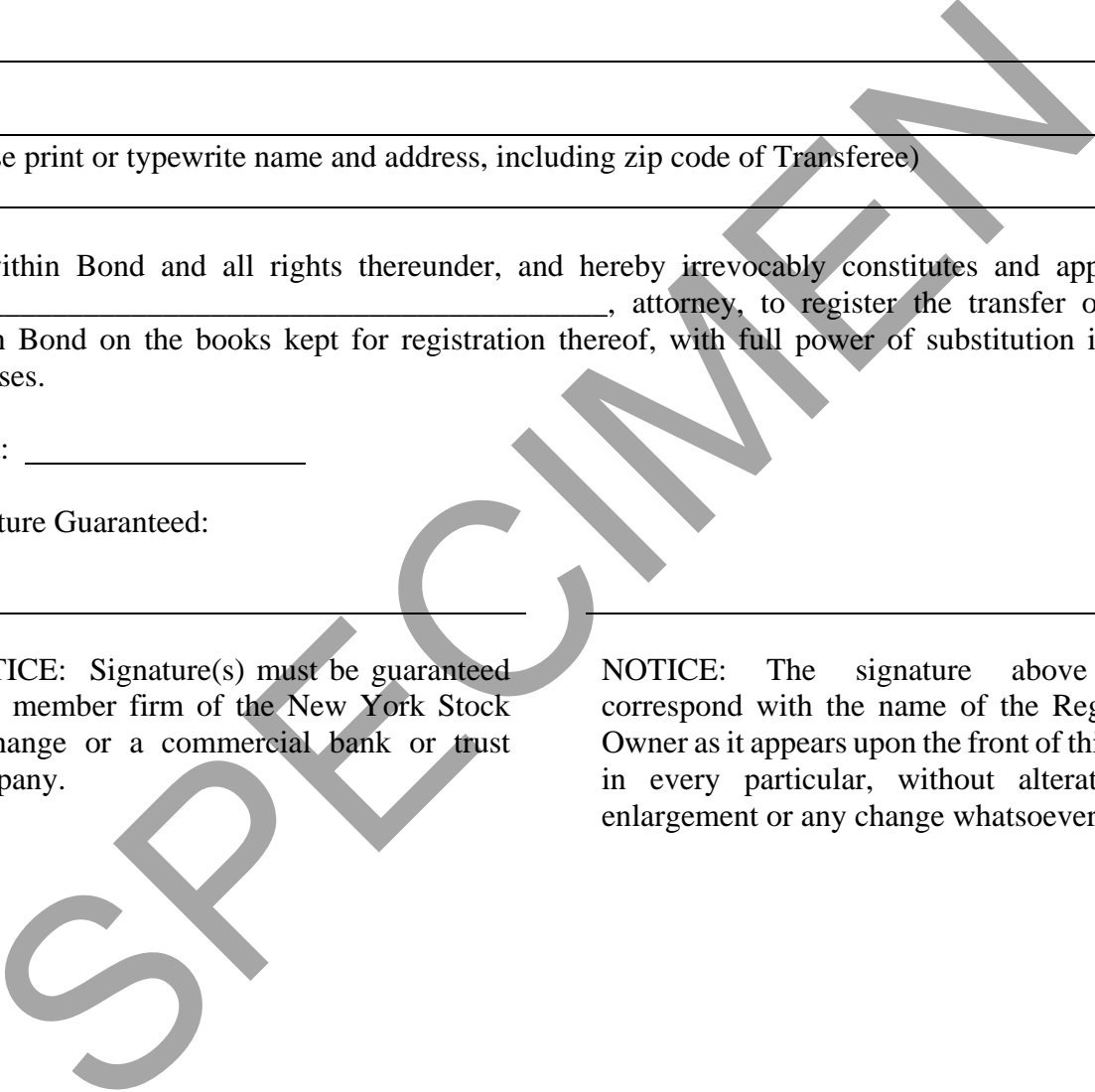
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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, without alteration or enlargement or any change whatsoever.



March 9, 2020

Brushy Creek Municipal Utility District
16318 Great Oaks Drive
Round Rock, TX 78681
Attention: Ms. Rebecca Tullos, Treasurer

Re: *US\$7,735,000 Brushy Creek Municipal Utility District, Texas, Unlimited Tax Refunding Bonds, Series 2020, dated: April 01, 2020, due: June 01, 2028*

Dear Ms. Tullos:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "AA-". S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on standardandpoors.com. Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: pubfin_statelocalgovt@spglobal.com. If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:
S&P Global Ratings
Public Finance Department
55 Water Street
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at www.standardandpoors.com. If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings
a division of Standard & Poor's Financial Services LLC

cm

enclosures

cc: ***Mr. David Wood, Vice President
Robert W. Baird & Co Inc.***

S&P Global Ratings
Terms and Conditions Applicable To Public Finance Credit Ratings

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No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

CERTIFICATE FOR ORDER

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 "District") hereby certify as follows:

1. The Board of Directors of the District convened in REGULAR MEETING ON THE 11TH DAY OF AUGUST, 2011, at the designated meeting place (the "Meeting"), and the roll was called of the duly constituted officers and members of the Board, to wit:

Bob Grahl	President
Jeffrey D. Goldstein	Vice President
Rebecca B. Tullos	Treasurer
Russ Shermer	Secretary
Shean R. Dalton	Asst. Secretary/Treasurer

and all of said persons were present, except the following absentees: none, 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; AUTHORIZING THE EXECUTION OF AN INVESTMENT AND PURCHASE LETTER, A PAYING AGENT/REGISTRAR AGREEMENT AND OTHER RELATED DOCUMENTS; AND AUTHORIZING OTHER MATTERS RELATED TO THE ISSUANCE OF THE BONDS

was duly introduced for the consideration of the Board. 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:

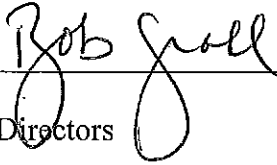
AYES: 5

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 August 11, 2011.


Secretary, Board of Directors


Directors President, Board of

(DISTRICT SEAL)

ORDER AUTHORIZING THE ISSUANCE OF BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BONDS;
LEVYING AN AD VALOREM TAX IN SUPPORT OF THE BONDS;
AUTHORIZING THE EXECUTION OF AN INVESTMENT AND PURCHASE
LETTER, A PAYING AGENT/REGISTRAR AGREEMENT AND OTHER
RELATED DOCUMENTS; AND AUTHORIZING OTHER MATTERS
RELATED TO THE ISSUANCE OF THE BONDS

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**ORDER AUTHORIZING THE ISSUANCE OF BRUSHY CREEK
MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING
BONDS; LEVYING AN AD VALOREM TAX IN SUPPORT OF THE
BONDS; AUTHORIZING THE EXECUTION OF AN INVESTMENT AND
PURCHASE LETTER, A PAYING AGENT/REGISTRAR AGREEMENT
AND OTHER RELATED DOCUMENTS; AND AUTHORIZING OTHER
MATTERS RELATED TO THE ISSUANCE OF THE BONDS**

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, 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, the District currently has outstanding 5 series of ad valorem tax bonds: including Brushy Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2004, a portion of which mature June 1 of each year 2019 through 2028, inclusive, in a total principal amount of \$2,025,000 (the "Refunded Bonds"); and

WHEREAS, the District now desires to issue bonds to refund the Refunded Bonds; and

WHEREAS, all the Refunded Bonds are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

WHEREAS, the refunding bonds hereafter authorized are being issued and delivered pursuant to Chapter 1207, Texas Government Code, as amended ("Chapter 1207"); and

WHEREAS, Chapter 1207 authorizes the District to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Bonds or eligible trust company or commercial bank, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, the Board of Directors of the District deems it advisable and in the best interest of the District to refund the Refunded Bonds in order to achieve a gross debt service

savings of \$104,891 (3.898% of Refunded Bonds) in accordance with the provisions of Chapter 1207; and

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

ARTICLE ONE

PREAMBLE

SECTION 1.01 INCORPORATION OF PREAMBLE. The Board of Directors 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 Order, except in Article Six, and in any resolution, order or amendatory or supplemental order 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 Article Eleven of this Bond Order.

"Authorized Denominations" means the denomination of \$5,000 or any integral multiple thereof.

"Authorized Investments" means such investments authorized pursuant to the investment policy of the District and Chapter 2256 of the Government Code, as amended.

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

"Bonds" shall mean and include collectively the Bonds initially issued and delivered pursuant to this Order and all substitute Bonds and 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" means this Order of the Board of Directors authorizing the issuance of the Bonds.

"Business Day" means any day which is not a Saturday, Sunday or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"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 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.

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

"Federal Securities" as used herein 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 Section 3.02 of this Bond Order.

"Interest Payment Date" means a date on which interest on the Bonds is due and payable being June 1 and December 1 of each year commencing December 1, 2011.

"Issuance Date" means the date of delivery of the Bonds.

"MSRB" shall mean 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 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 Order.

"Purchaser" shall mean Branch Banking and Trust Company.

"Record Date" means the 15th day of the month next preceding each Interest Payment Date, whether or not such dates are Business Days.

"Refunded Bonds" means the Series 2004 Bonds to be refunded as set forth in the recitals to this 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" or "Owner" means any person or entity in whose name a Bond is registered.

"Registrar" or "Paying Agent/Registrar" means Branch Banking and Trust Company, 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" shall mean SEC Rule 15c2-12, as amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"Special Project Bonds" shall mean those bonds authorized pursuant to Section 11.04 of this Bond Order.

"System" shall mean 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 additions or extensions thereto or improvements and replacements thereof.

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: "BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BOND, SERIES 2011", and the Bonds are hereby authorized to be issued and delivered in the aggregate principal amount of \$2,085,000 for the purpose of refunding the Refunded Bonds and paying certain costs of issuing the Bonds.

SECTION 3.02. DATE, DENOMINATIONS AND NUMBERS.

(a) There initially shall be issued, sold and delivered fully registered bonds, without interest coupons, in the form of current interest (except the initial Bond delivered to the Attorney General of the State of Texas which shall be numbered T-1 payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof, in Authorized Denominations, maturing on June 1 in each year as set forth below:

MATURITY DATE	INTEREST RATE	PRINCIPAL AMOUNT
2012	3.84%	\$ 5,000
2013	3.84	5,000
2014	3.84	5,000
2015	3.84	5,000
2016	3.84	5,000
2017	3.84	5,000
2018	3.84	10,000
2019	3.84	175,000
2020	3.84	175,000
2021	3.84	185,000
2022	3.84	190,000
2023	3.84	200,000
2024	3.84	205,000
2025	3.84	215,000
2026	3.84	225,000
2027	3.84	230,000
2028	3.84	245,000

(b) The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Order to their respective dates of maturity or redemption at the rates per annum set forth above.

SECTION 3.03. 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 office for payment of the Registrar. The interest on each Bond shall be payable as set forth in the FORM OF BOND by check or draft 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 not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

SECTION 3.04. SUCCESSOR REGISTRARS. 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 60 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 3.05. 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 3.06. 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 3.07. 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 3.08. 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.

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 therewith.

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 canceled 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.

SECTION 4.04. INITIAL BOND. The Bonds herein authorized shall be initially issued as a fully registered bond, being one Bond, and the Initial Bond shall be registered in the name of the Underwriter or the designees thereof. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Underwriter. Immediately after the delivery of the Initial Bond on the closing date, the Paying Agent/Registrar shall cancel the Initial Bond delivered hereunder and exchange therefor Bonds in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of the Purchaser.

ARTICLE FIVE

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 5.01. REDEMPTION OF BONDS. The Bonds are subject to redemption as provided in the FORM OF BOND.

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 REFUNDING BOND
SERIES 2011**

NO. R- **PRINCIPAL AMOUNT**
\$ _____

INTEREST RATE DATE OF BONDS MATURITY DATE CUSIP NO.

September 15, 2011

REGISTERED OWNER:

PRINCIPAL AMOUNT:

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 September 15, 2011 on December 1, 2011 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 later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the Interest Payment Date next preceding the date of authentication, unless such date of authentication is after any Record Date 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.

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 Branch Banking and Trust Company, Charlotte, North Carolina, which is the "Registrar" or "Paying Agent/Registrar" for this Bond, at its designated office for payment in Austin, 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 whether or not a business day (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.

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, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, or day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed; 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 September 15, 2011 and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal amount of \$2,085,000 **FOR THE PURPOSES OF REFUNDING THE**

REFUNDED BONDS AND PAYING CERTAIN COSTS OF ISSUING THE BONDS.

Terms used herein and not otherwise defined shall have the meanings given in the Bond Order.

ON JUNE 1, 2019 OR ON ANY INTEREST PAYMENT DATE THEREAFTER, the Bonds maturing on and after June 1, 2020, may be redeemed prior to their scheduled maturities, at the option of the District, in whole, 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.

AT LEAST 30 calendar days prior to the date fixed for any 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 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 to 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, and to secure the Bonds and any other bonds of the District or such districts by a pledge of the net revenues of the consolidated system. 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 obligations in an amount sufficient to defease the Bonds is 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, whereunder the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on 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.

IT IS FURTHER CERTIFIED that the District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

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 [Assistant Secretary], Board of Directors President [Vice-President], Board of Directors

(DISTRICT SEAL)

INSERTIONS FOR INITIAL BONDS

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 of the Bond shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED BELOW, 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:

MATURITY DATE	INTEREST RATE	PRINCIPAL AMOUNT
--------------------------	--------------------------	-----------------------------

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 September 15, 2011 at the respective Interest Rate per annum specified above. Interest is payable on December 1, 2011 and semiannually on each June 1 and December 1 thereafter 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 later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date 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 Bond:

**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:

BRANCH BANKING AND TRUST COMPANY
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:

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, without alteration or enlargement or any change whatsoever.

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. may be printed on the back of the Bonds over the certification of the 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. GENERAL. 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 in 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 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 ample and 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 and appropriated 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 in 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 in 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 the 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 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 and appropriated 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 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. FUNDS, FLOW OF FUNDS, APPLICATION OF FUNDS AND INVESTMENTS.

(a) Designation of Funds. The following funds are hereby created or affirmed:

- (i) the Operating Fund; and
- (ii) Debt Service Fund for the Bonds.

Each fund shall be kept on the books and records of the District separate and apart from all other funds of the District. The Debt Service Fund for the Bonds shall constitute a trust fund which shall be held in trust for the benefit of the owners of the Bonds. All other funds shall be used solely as provided in this Bond Order until all of the Bonds have been retired, both as to principal and interest.

(b) Operating Fund. The Operating Fund of the District is hereby confirmed. The Operating Fund shall comprise the fund of the District used for operating and maintaining the System and paying general and administrative expenses of the District. The District shall deposit to the credit of the Operating Fund all income or increment which may grow out of the ownership and operation of the System and the District may deposit to the credit of the Operating Fund such other income or receipts of the District not otherwise required to be applied by this Bond Order. The Operating Fund shall be used solely (i) to pay all reasonable expenses of the administration, efficient operation, and adequate maintenance of the System, (ii) to transfer from time to time any excess to the credit of the Debt Service Fund when needed to pay the obligations of the District payable therefrom, and (iii) to the extent the balance of the Debt Service Fund and tax collections available for deposit thereto are sufficient to pay when due the obligations of the District payable from the Debt Service Fund, to pay any other expense of the District.

(c) Disbursement. The proceeds from the sale of the Bonds after paying or making provisions for the payment of the costs in connection with issuing the Bonds, shall be transferred to Wells Fargo Bank, N.A. to redeem the Refunded Bonds on September 15, 2011.

SECTION 8.02. 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 public funds in the State of Texas.

SECTION 8.03. DEBT SERVICE FUND; TAX LEVY. The District shall deposit or cause to be deposited into the 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.

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 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 Debt Service Fund.

SECTION 8.04. INVESTMENTS; EARNINGS. Moneys deposited into the Debt Service 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 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.

ARTICLE NINE

APPLICATION OF FUNDS

SECTION 9.01. BOND PROCEEDS. Proceeds from the sale of the Bonds will be used to pay costs of issuance and to redeem the Refunded Bonds on September 15, 2011.

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 Refunded Bonds or the projects financed or refinanced 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 of the Bonds or the Refunded Bonds or the projects financed or refinanced 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 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

Refunded Bonds or the projects financed or refinanced 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 current refunding bond, for a period of 90 days and in the case of an advance refunding bond, for a period of 30 days,

(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) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the 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; and

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

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), 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 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 Treasurer of the Board of Directors 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). Disposition of Project. The District covenants that the property constituting the projects refinanced with the proceeds of the Bonds 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 the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Designation as Qualified Tax-Exempt Bonds. The District hereby designates the Bonds as "qualified tax-exempt bonds" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the District represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the District (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt bonds" being issued;

(b) that the District reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bonds are issued, by the District (or any subordinate entities) will not exceed \$10,000,000; and (c) that the District will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

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:

- (a) the unissued unlimited tax bonds which remain authorized but unissued; and
- (b) such other unlimited tax bonds as may hereafter be authorized at subsequent elections.

SECTION 11.02. OTHER BONDS. The District further reserves the right to issue 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.

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, the Outstanding Bonds, any Additional Bonds, or any other bonds 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:

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

(2) 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.

(1) 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.

(2) 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.

(1) 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.

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

(3) 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 Bond 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 City or the City Council.

(4) 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 (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 a commercial bank or trust company 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 a commercial bank or trust company 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, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company 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 a commercial bank or trust company pursuant to this Section which is not required for the payment of such Bond and Premium Compound Interest Bond, 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 a commercial bank or trust company 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 pledgee of the Bonds with the same rights it would have if it were not Registrar.

SECTION 14.05. BENEFITS OF ORDER 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 shall be sold and delivered to the Purchaser, pursuant to an investment and purchase letter substantially in the form attached hereto as Exhibit "B". The President or Vice President of the Board are authorized to execute the Investment and Purchase Letter and authorized to approve such changes as necessary in connection with the sale of the Bonds.

SECTION 15.02. APPROVAL, REGISTRATION, AND DELIVERY. The 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 PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW DEPOSIT AGREEMENT. The Paying Agent/Registrar Agreement by and between the District and Branch Banking and Trust Company ("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.

The Escrow Deposit Agreement by and between the District and Wells Fargo Bank in substantially the form and substance attached hereto as Exhibit "E" is hereby approved and the President or Vice President is hereby authorized and directed to complete, amend, modify and execute the Escrow Deposit Agreement.

SECTION 15.04. REFUNDING OF REFUNDED BONDS. That concurrently with the delivery of the Bonds, the District shall cause to be deposited with the paying agent/registrar for the Refunded Bonds an amount from the proceeds of the sale of the Bonds sufficient, together with other legally available funds of the District, if any, to provide for the refunding and defeasance of the Refunded Bonds. The General Manager is further authorized and directed to apply and there is hereby appropriated such moneys of the District as are necessary to provide for the defeasance of the Refunded Bonds on the date of delivery of the Bonds. The General Manger is hereby authorized and directed to issue to the paying agent/registrar for the Refunded Bonds the Notice of Redemption with respect to the Refunded

Bonds in substantially the form set forth in Exhibit "C" hereto with such changes and additions 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 at a place readily accessible and convenient to the public within the District and on a bulletin board located at a place convenient to the public in Williamson County for the time required by law preceding this meeting, 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 Registration Books 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

OTHER ACTIONS AND MATTERS

SECTION 18.01. OTHER ACTIONS. The President, Vice President or Treasurer and Secretary of the Board of Directors of the District, 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 initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, any insurance commitment letter or insurance policy and the Official Statement. In addition, prior to the initial delivery of the Bonds, President, Vice President or Treasurer and 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 Order or to any of the instruments authorized and approved by this 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, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

SECTION 18.02. 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 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.

ARTICLE NINETEEN

CONTINUING DISCLOSURE

Section 19.01. CONTINUING DISCLOSURE UNDERTAKING. (a) 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 provided in connection with the District's outstanding bonds. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "C" 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 such period, then the District shall provide unaudited financial statements within such 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.

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

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material within the meaning of the federal securities laws;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. 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
- G. Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;

- H. Bond calls, if material within the meaning of the federal securities laws;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the District;
- M. 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 within the meaning of the federal securities laws; and
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws.

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 subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) 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.

EXHIBIT "A"

PAYING AGENT/REGISTRAR AGREEMENT

EXHIBIT "B"

INVESTMENT AND PURCHASE LETTER

EXHIBIT "C"

FORM OF NOTICE OF DEFEASANCE/REDEMPTION

Brushy Creek Municipal Utility District

Notice is hereby given that the following obligations issued by Brushy Creek Municipal Utility District (the "District") have been defeased and called for redemption prior to their scheduled maturities, at a price of par and accrued interest to the date of redemption, to-wit:

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS, SERIES 2004, all outstanding obligations maturing on June 1 in each of the years 2019 through 2028 in the aggregate principal amount of \$2,025,000.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>CUSIP**</u>
June 1, 2019	\$165,000	4.300%	September 15, 2011	117464FM4
June 1, 2020	170,000	4.400	September 15, 2011	117464FN2
June 1, 2021	180,000	4.500	September 15, 2011	117464FP7
June 1, 2022	185,000	4.600	September 15, 2011	117464FQ5
June 1, 2023	195,000	4.625	September 15, 2011	117464FR3
June 1, 2024	205,000	4.700	September 15, 2011	117464FS1
June 1, 2028	925,000	4.500	September 15, 2011	117464FW2

Due provision for the payment of the above-described obligations has been made with Wells Fargo Bank, N.A. (the "Bank"), the paying agent for said obligations, and said obligations shall be presented for payment either in person or by mail, at the following address:

First Class/Registered/Certified Mail

Wells Fargo Bank, NA
Corporate Trust Operations
Operations
MAC N9303-121
PO BOX 1517
Minneapolis, MN 55480

By Overnight or Courier:

Wells Fargo Bank, NA
Corporate Trust Services, 12th Floor
MAC N9303-121
6th & Marquette Ave.
Minneapolis, MN 55479

In person:

Northstar East Building
Corporate Trust
608 2nd Avenue South
Minneapolis, MN

Interest on the redeemed obligations shall cease to accrue thereon after their redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold 28% of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Bonds for redemption.

Brushy Creek Municipal Utility District

**The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. The District and Paying Agent shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein or as printed on any Bond.

EXHIBIT "D"

CONTINUING DISCLOSURE UNDERTAKING

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.

CERTIFICATE FOR ORDER

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 "District") hereby certify as follows:

1. The Board of Directors of the District convened in REGULAR MEETING ON THE 11TH DAY OF OCTOBER, 2012, at the designated meeting place (the "Meeting"), and the roll was called of the duly constituted officers and members of the Board, to wit:

Rebecca Tullos	President
Russ Shermer	Vice President
Jeffrey Goldstein	Secretary
Shean Dalton	Treasurer
Paul Tisch	Director

and all of said persons were present, except the following absentees: none, 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 AND A PAYING AGENT/REGISTRAR 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 Board. 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:

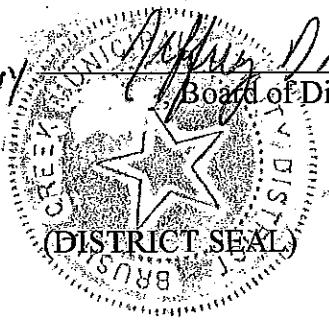
AYES: 5

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 11th day of October, 2012.

Secretary



[Handwritten Signature]

Board of Directors

[Handwritten Signature]

President, Board of Directors

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, AN ESCROW AGREEMENT AND A PAYING
AGENT/REGISTRAR AGREEMENT; ESTABLISHING PROCEDURES FOR
SELLING AND DELIVERING THE BONDS; AND AUTHORIZING OTHER
MATTERS RELATED TO THE ISSUANCE OF THE BONDS

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**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, AN ESCROW AGREEMENT AND A PAYING AGENT/REGISTRAR
AGREEMENT; ESTABLISHING PROCEDURES FOR SELLING AND DELIVERING
THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED TO THE
ISSUANCE OF THE BONDS**

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, 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, the District is authorized by the Act to issue bonds for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving or extending any District works, improvement facilities, plants, equipment, and appliances needed to accomplish the purposes for which the District was created, including works, improvements, facilities, plants, equipment, and appliances needed to provide a waterworks system, sanitary sewer system, storm sewer system, solid waste and disposal system; and

WHEREAS, at an election held on November 6, 2001 (the "Bond Election") 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 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 District currently has outstanding the following ad valorem tax bonds: \$3,285,000 Brushy Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2004, \$9,500,000 Brushy Creek Municipal Utility District Unlimited Tax Bonds, Series 2005, \$7,725,000 Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2007, \$7,960,000 Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2009, \$17,190,000 Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2010, \$2,085,000 Brushy Creek Municipal Utility District Unlimited Tax Refunding Bonds, Series 2011 (collectively the "Outstanding Bonds"); and

WHEREAS, the District now desires to issue refunding bonds to refund all or part of the Outstanding Bonds (the "Refundable Bonds", and those Refundable Bonds designated by the Pricing Officer in the Pricing Certificate, each as defined herein, to be refunded are herein referred to as the "Refunded Bonds"); and

WHEREAS, all the Refunded Bonds mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

WHEREAS, the refunding bonds hereafter authorized are being issued and delivered pursuant to Chapter 1207, Texas Government Code, as amended ("Chapter 1207"); and

WHEREAS, Chapter 1207 authorizes the District to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Bonds or eligible trust company or commercial bank, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; and

WHEREAS, the Board of Directors of the District deems it advisable and in the best interest of the District to refund the Refunded Bonds in order to achieve a net present value debt service savings of not less than 3.0% of the principal amount of the Refunded Bonds net of any District contribution with such savings, among other information and terms to be included in a pricing certificate to be executed by the General Manager of the District or in his absence the President of the Board of Directors, acting as the designated pricing officer of the District, all in accordance with the provisions of Chapter 1207, including Section 1207.007 thereof.

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

ARTICLE ONE

PREAMBLE

SECTION 1.01 **INCORPORATION OF PREAMBLE.** The Board of Directors 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.** For all purposes of this Bond Order, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Exhibit "A" to this Order have the meanings assigned to them in Exhibit "A".

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: "BRUSHY CREEK MUNICIPAL UTILITY DISTRICT UNLIMITED TAX REFUNDING BOND, and the Bonds are hereby authorized to be issued and delivered in the maximum aggregate principal amount not to exceed \$10,000,000 for the purpose of refunding the Refunded Bonds and paying certain costs of issuing the Bonds. The title of each of the Bonds shall be designated by the year in which it is awarded pursuant to Section 3.02 below.

The authority for the Pricing Officer to execute and deliver a Pricing Certificate for the Bonds shall expire at 5:00 p.m. C.D.T. on April 11, 2013. Bonds priced on or before April 11, 2013 may be delivered to the initial purchaser after such date.

SECTION 3.02. **DATE, DENOMINATIONS, NUMBERS, DELEGATION TO PRICING OFFICER.** (a) There initially shall be issued, sold and delivered fully registered bonds, without interest coupons, which may be in the form of Current Interest Bonds or Premium Compound Interest Bonds, numbered consecutively from R-1 upward, in the case of Current

Interest Bonds, and from PC-1 upward, in the case of Premium Compound Interest Bonds (except the initial Bonds delivered to the Attorney General of the State of Texas which shall be numbered T-1 and TPC-1, respectively) payable to the respective initial Registered Owners thereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof, in Authorized Denominations, maturing not later than December 1, 2028, serially or otherwise on the dates, in the years and in the principal amounts, respectively, and dated, all as set forth in the Pricing Certificate to be executed and delivered by the Pricing Officer pursuant to subsection (b) of this Section. The Pricing Certificate is hereby incorporated in and made a part of this Bond Order.

(b) As authorized by Section 1207.007, Texas Government Code, as amended, the Pricing Officer is hereby authorized to act on behalf of the District in selling and delivering the Bonds, determining which of the Refundable Bonds shall be refunded and constitute "Refunded Bonds" under this Bond Order and carrying out the other procedures specified in this Bond Order, including determining the date of the Bonds, any additional or different designation or title by which the Bonds shall be known, the price at which the Bonds will be sold, the years in which the Bonds will mature, the principal amount to mature in each of such years, the aggregate principal amount of Current Interest Bonds and Premium Compound Interest Bonds, the rate or rates of interest to be borne by each such maturity, the interest payment periods, the dates, price, and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the District, as well as any mandatory sinking fund redemption provisions, and all other matters relating to the issuance, sale, and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; provided that (i) the price to be paid for the Bonds shall not be less than 90% of the aggregate original principal amount thereof plus accrued interest thereon from its date to its delivery, (ii) none of the Bonds shall bear interest at a rate, or yield in the case of Premium Compound Interest Bonds, greater than the maximum authorized by law, and (iii) the refunding must produce a net present value debt service savings of at least 3.0% of the principal amount of the Refunded Bonds, net of any District contribution. In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount not to exceed the amount authorized in Section 3.01, which shall be sufficient to provide for the purposes for which the Bonds are authorized and to pay the costs of issuing the Bonds.

In satisfaction of Section 1201.022(a)(3), Texas Government Code, the District hereby determines that the delegation of the authority to the Pricing Officer to approve the final terms and conditions of the Bonds as set forth in this Bond Order is, and the decisions made by the Pricing Officer pursuant to such delegated authority and incorporated in each Pricing Certificate will be, in the best interests and shall have the same force and effect as if such determination were made by the District and the Pricing Officer is hereby authorized to make and include in each Pricing Certificate an appropriate finding to that effect.

(c) To achieve advantageous borrowing costs for the District, the Bonds shall be sold on a negotiated, placement or competitive basis as determined by the Pricing Officer in the Pricing Certificate. In determining whether to sell the Bonds by negotiated, placement or competitive sale, the Pricing Officer shall take into account any material disclosure issues which might exist at the time, the market conditions expected at the time of the sale and any other matters which, in the judgment of the Pricing Officer, might affect the net borrowing costs on the Bonds.

If the Pricing Officer determines that the Bonds should be sold at a competitive sale, the Pricing Officer shall cause to be prepared a notice of sale and official statement in such manner as the Pricing Officer deems appropriate, to make the notice of sale and official statement available to those institutions and firms wishing to submit a bid for the Bonds, to receive such bids, and to award the sale of the Bonds to the bidder submitting the best bid in accordance with the provisions of the notice of sale.

If the Pricing Officer determines that the Bonds should be sold by a negotiated sale or placement, the Pricing Officer shall designate the placement purchaser or the Underwriters for the Bonds and such additional investment banking firms as the Pricing Officer deems appropriate to assure that the Bonds are sold on the most advantageous terms to the District. The Pricing Officer, acting for and on behalf of the District, is authorized to enter into and carry out a bond purchase agreement or other agreement for the Bonds to be sold by negotiated sale or placement, with the Underwriters or placement purchasers at such price, with and subject to such terms as determined by the Pricing Officer pursuant to Section 3.02(b) above. Each bond purchase agreement or other agreement shall be substantially in the form and substance previously approved by the District in connection with the authorization of ad valorem tax debt with such changes as are acceptable to the Pricing Officer.

(d) The Current Interest Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BONDS set forth in this Order to their respective dates of maturity or redemption at the rates per annum set forth in the Pricing Certificate.

The Premium Compound Interest Bonds shall bear interest from the Issuance Date, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Compounded Amounts thereof), compounded on the Compounding Dates as set forth in the Pricing Certificate, and payable, together with the principal amount thereof, in the manner provided in the Form of Bonds at the rates set forth in the Pricing Certificate. Attached to the Pricing Certificate, if Premium Compound Interest Bonds are to be issued, shall be the Accretion Table. The Accreted Value with respect to any date other than a Compounding Date is the amount set forth on the Accretion Table with respect to the last preceding Compounding Date, plus the portion of the difference between such amount and the amount set forth on the Accretion Table with respect to the next succeeding Compounding Date that the number of days (based on 30-day months) from such last preceding Compounding Date to the date for which such determination is being calculated bears to the total number of days (based on 30-day months) from such last preceding Compounding Date to the next succeeding Compounding Date.

SECTION 3.03. 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 office for payment of the

Registrar. The interest on each Bond shall be payable on as set forth in the Pricing Certificate by check or draft 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 not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

SECTION 3.04. SUCCESSOR REGISTRARS. 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 60 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 3.05. 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 3.06. 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 3.06 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 3.07. EXECUTION OF BONDS. The Bonds shall be signed on behalf of the District by the President of the Board of Directors and attested by the 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 3.08. 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.

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 therewith.

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 canceled 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.

SECTION 4.04. BOOK-ENTRY-ONLY SYSTEM. (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 Registration Books, 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 Registration Books 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 Registration Books 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

Registration Books as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the 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 Registration Books, shall receive a Bond evidencing the obligation of the District to make payments of principal, and interest pursuant to this Bond 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 Bond 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 Registration Books 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) Initial Bond. The Bonds herein authorized shall be initially issued as a fully registered bond, being one Bond, and the Initial Bond shall be registered in the name of the Underwriter or the designees thereof. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Underwriter. Immediately after the delivery of the Initial Bond on the closing date, the Paying Agent/Registrar shall cancel the Initial Bond delivered hereunder and exchange therefor Bonds 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 DTC and except as provided in Section 4.04(b) and 3.02(a), all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

ARTICLE FIVE

REDEMPTION OF BONDS BEFORE MATURITY

SECTION 5.01. REDEMPTION OF BONDS. The Bonds are subject to redemption as set forth in the Pricing Certificate.

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 and the Pricing Certificate. 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 REFUNDING BOND
SERIES _____*

[FORM OF FIRST PARAGRAPHS OF CURRENT INTEREST BONDS]

NO. R-

PRINCIPAL
AMOUNT

\$ _____

INTEREST RATE DATE OF BONDS MATURITY DATE CUSIP NO.

*

REGISTERED OWNER:

PRINCIPAL AMOUNT:

* As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete the missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

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 _____* on _____* and semiannually on each _____* and _____* 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 later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the Interest Payment Date next preceding the date of authentication, unless such date of authentication is after any Record Date 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 whether or not a business day (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

* As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete the missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

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.

**[FORM OF FIRST PARAGRAPHS
OF PREMIUM COMPOUND INTEREST BOND]**

NO. PC-

**MATURITY
AMOUNT**

\$ _____

INTEREST RATE

ISSUANCE DATE

DATE OF BONDS

MATURITY DATE

*

REGISTERED OWNER:

MATURITY AMOUNT:

* As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete the missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

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 assigns (hereinafter called the "Registered Owner") the Maturity Amount set forth above, representing the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, calculated on the basis of a 360 day year comprised of twelve 30 day months, compounded semiannually on _____* and _____* of each year commencing _____, 20__*. For convenience of reference a table of the "Accreted Value" per \$5,000 Maturity Amount is printed on the reverse side of this Bond. The term "Accreted Value" as set forth in the table on the reverse side hereof shall mean the original principal amount plus initial premium per \$5,000 Maturity Amount compounded semiannually on _____* and _____* at the yield shown on such table.

THE MATURITY AMOUNT of this Bond is payable in lawful money of the United States of America, without exchange or collection charges. The Maturity Amount of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity, at the designated office for payment of Wells Fargo Bank, N.A., which is the "Paying Agent/Registrar" for this Bond, and shall be drawn by the Paying Agent/Registrar on, and 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 Paying Agent/Registrar for such purpose as hereinafter provided, payable to the Registered Owner hereof, as it appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. The District covenants with the Registered Owner of this Bond that on or before the Maturity Date for this Bond it will make available to the Paying Agent/Registrar, from the "Debt Service Fund" created by the Bond Order, the amounts required to provide for the payment, in immediately available funds of the Maturity Amount, when due. 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.

[FORM OF REMAINDER OF EACH BOND]

IF THE DATE for any payment due on this Bond shall be a Saturday, Sunday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, or day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed; 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 _____* and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal

* As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete the missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

amount of \$ _____* [constituting \$ _____ Current Interest Bonds and \$ _____ Premium Compound Interest Bonds]** **FOR PURPOSES OF REFUNDING THE REFUNDED BONDS AND PAYING CERTAIN COSTS OF ISSUING THE BONDS.** Terms used herein and not otherwise defined shall have the meanings given in the Bond Order.

ON _____, 20__* **OR ON ANY DATE THEREAFTER**, the Current Interest Bonds maturing on and after _____, 20__*, 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 Current Interest Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity is to be redeemed the Registrar shall determine by lot the Current Interest Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Current Interest Bond may be redeemed only in integral multiples of \$5,000 of principal amount). The Premium Compound Interest Bonds are not subject to redemption prior to maturity.

[**THE BONDS** maturing on _____, 20__ (the "Term Bonds") are subject to mandatory sinking fund redemption by lot prior to maturity in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date.

Bonds Maturing _____, 20__

Redemption Date	Principal Amount
_____, 20__	\$
_____, 20__†	†

†Final Maturity

THE PRINCIPAL AMOUNT of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.]*

* To be included only if Current Interest Bonds and Premium Compound Interest Bonds are both issued and completed as determined in the Pricing Certificate.

† As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this

AT LEAST 30 calendar days prior to the date fixed for any redemption of Current Interest 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 the Registered Owner of each Current Interest Bond to be redeemed at its address as it appeared on the Register on the 45th calendar day prior to such redemption date and to 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 Current Interest Bonds or portions for which such payment is made, all as provided above. The Current Interest 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 Current Interest Bond shall be redeemed, a substitute Current Interest 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

Form of Bond or contains information to complete the missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

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, and to secure the Bonds and any other bonds of the District or such districts by a pledge of the net revenues of the consolidated system. 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 obligations in an amount sufficient to defease the Bonds is 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, whereunder the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on 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.

IT IS FURTHER CERTIFIED that the District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

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 [Assistant Secretary], Board of
Directors

President [Vice-President], Board of
Directors

(DISTRICT SEAL)

INSERTIONS FOR INITIAL BONDS

- (i) The Initial Current Interest Bond shall be in the form set forth in this Section, except that:
 - A. immediately under the name of the Current Interest 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 of the Current Interest Bond shall be deleted and the following will be inserted:

"ON THE MATURITY DATE SPECIFIED BELOW, 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 _____* in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Principal Amount</u>	<u>MaturityDate ____ (____) _____</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	<u>Maturity Date ____ (____) _____</u>	<u>Interest Rate</u>
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(Information from Pricing Certificate to be inserted)

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 _____* at the respective Interest Rate per annum specified above. Interest is payable on _____* and semiannually on each _____* and _____* thereafter 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 later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date 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 Current Interest Bond shall be numbered "T-1".

(ii) The Initial Compound Interest 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:

* As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete the missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

"BRUSHY CREEK MUNICIPAL UTILITY DISTRICT, in Williamson County, Texas (the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "Registered Owner") the Payment at Maturity on _____* in each of the years and in installments of the respective Maturity Amounts set forth in the following schedule:

<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> ____(____)	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Amount</u>	<u>Maturity Date</u> ____(____)	<u>Interest</u> <u>Rate</u>
-----------------------------------	------------------------------------	--------------------------------	-----------------------------------	------------------------------------	--------------------------------

(Information for the Premium Compound Interest Bonds from the Pricing Certificate to be inserted)

The amount shown above as the respective Maturity Amounts represent the principal amount hereof and accrued and compounded interest hereon. Interest shall accrue on the principal amount hereof from the Issuance Date at the interest rate per annum specified above, compounded semiannually on _____* and _____* of each year commencing _____. For convenience of reference, a table appears on the back of this Bond showing the "Compounded Amount" of the original principal amount plus initial premium, if any, per \$5,000 Maturity Amount compounded semiannually at the yield shown on such table."

C. the Initial Premium Compound Interest Bond shall be numbered "TPC-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:

*As provided in the Pricing Certificate. To the extent that the Pricing Certificate relating to the Bonds is inconsistent with any provisions in this Form of Bond or contains information to complete the missing information in this Form of Bond, the language in the Pricing Certificate shall be used in the executed Bonds.

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 Bond:

**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:

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:

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, without alteration or enlargement or any change whatsoever.

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. may be printed on the back of the Bonds over the certification of the 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. GENERAL. 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 in 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 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 ample and 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 and appropriated 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 in 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 in 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 the 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 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 and appropriated 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 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. FUNDS, FLOW OF FUNDS, APPLICATION OF FUNDS AND INVESTMENTS.

(a) Designation of Funds. The following funds are hereby created or affirmed:

- (i) the Operating Fund;
- (ii) Debt Service Fund for the Bonds; and
- (iii) Series 2012 Escrow Fund.

Each fund shall be kept on the books and records of the District separate and apart from all other funds of the District. The Debt Service Fund for the Bonds shall constitute a trust fund which shall be held in trust for the benefit of the owners of the Bonds. All other funds shall be used solely as provided in this Bond Order until all of the Bonds have been retired, both as to principal and interest.

(b) Operating Fund. The Operating Fund of the District is hereby confirmed. The Operating Fund shall comprise the fund of the District used for operating and maintaining the System and paying general and administrative expenses of the District. The District shall deposit to the credit of the Operating Fund all income or increment which may grow out of the ownership and operation of the System and the District may deposit to the credit of the Operating Fund such other income or receipts of the District not otherwise required to be applied by this Bond Order. The Operating Fund shall be used solely (i) to pay all reasonable expenses of the administration, efficient operation, and adequate maintenance of the System, (ii) to transfer from time to time any excess to the credit of the Debt Service Fund when needed to pay the obligations of the District payable therefrom, and (iii) to the extent the balance of the Debt Service Fund and tax collections available for deposit thereto are sufficient to pay when due the obligations of the District payable from the Debt Service Fund, to pay any other expense of the District.

(c) Escrow Fund. The proceeds from the sale of the Bonds after making any deposit to the Debt Service Fund with accrued interest provided and paying or making provisions for the

payment of the costs in connection with issuing the Bonds, shall be deposited into the Escrow Fund as described in the Escrow Agreement.

SECTION 8.02. 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 8.03. DEBT SERVICE FUND; TAX LEVY. The District shall deposit or cause to be deposited into the 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.

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 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 Debt Service Fund.

SECTION 8.04. INVESTMENTS; EARNINGS. Moneys deposited into the Debt Service Fund and the Operating Fund 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 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 the Operating 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.

ARTICLE NINE

APPLICATION OF FUNDS

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 purchaser of the Bonds representing accrued interest, if any, on the Bonds from their date to the date of their actual delivery shall be deposited into the Debt Service Fund.

SECTION 9.03. ESCROW FUND. Other than bond proceeds deposited to the Debt Service Fund or used to pay costs of issuance, all Bond proceeds shall be deposited in the Escrow Fund to defease and redeem the Refunded Bonds.

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 Refunded Bonds or the projects financed or refinanced 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 of the Bonds or the Refunded Bonds or the projects financed or refinanced 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 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 Refunded Bonds or the projects financed or refinanced 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 current refunding bond, for a period of 90 days and in the case of an advance refunding bond, for a period of 30 days,

(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) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the 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; and

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

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), 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 of the Board of Directors and General Manager 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) Disposition of Project. The District covenants that the property constituting the projects refinanced with the proceeds of the Bonds 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 the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the District shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

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:

- (a) the unissued unlimited tax bonds which remain authorized but unissued; and

- (b) such other unlimited tax bonds as may hereafter be authorized at subsequent elections.

SECTION 11.02. OTHER BONDS. The District further reserves the right to issue 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.

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, the Outstanding Bonds, any Additional Bonds, or any other bonds 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 Bond Order is hereby declared to be an Event of Default:

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

(2) 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 Bond 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.

(1) 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 Bond 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.

(2) 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.

(1) 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 Bond Order, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Bond Order.

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

(3) 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 Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or the District.

(4) 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 Bond Order, or because of any Event of Default or alleged Event of Default under this Bond 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 (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 a commercial bank or trust company 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 a commercial bank or trust company 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 Bond 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, in accordance with this Order. Any money so deposited with the Paying Agent/Registrar or a commercial bank or trust company 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 a commercial bank or trust company pursuant to this Section which is not required for the payment of such Bond and Premium Compound Interest Bond, 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 Bond 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 Bond 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 a commercial bank or trust company 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 pledgee of the Bonds with the same rights it would have if it were not Registrar.

SECTION 14.05. BENEFITS OF ORDER 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

APPROVAL OF DOCUMENTS

SECTION 15.01. APPROVAL, REGISTRATION, AND DELIVERY. The 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 15.02. APPROVAL OF OFFERING DOCUMENTS, ESCROW AGREEMENT AND PAYING AGENT/REGISTRAR AGREEMENT. The Pricing Officer is hereby authorized to approve the Preliminary Official Statement, the Official Statement relating

to the Bonds and any addenda, supplement or amendment thereto and to deem such documents final in accordance with Rule 15c2-12. The District further approves the distribution of such Official Statement in the reoffering of the Bonds by the Purchaser in final form, with such changes therein or additions thereto as the Pricing Officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof.

The Paying Agent/Registrar Agreement by and between the District and the Paying Agent/Registrar ("Paying Agent Agreement") in substantially the form and substance previously approved by the City in previous transactions. The Pricing Officer is hereby authorized and directed to complete, amend, modify and execute the Paying Agent Agreement as necessary.

The discharge and defeasance of Refunded Bonds shall be effectuated pursuant to the terms and provisions of an Escrow Agreement, in the form and containing the terms and provisions as shall be approved by a Pricing Officer, including any insertions, additions, deletions, and modifications as may be necessary (a) to carry out the program designed for the District by the purchasers, (b) to maximize the District's present value savings and/or to minimize the District's costs of refunding, (c) to comply with all applicable laws and regulations relating to the refunding of the Refunded Obligations and (d) to carry out the other intents and purposes of this Bond Order; and, the Pricing Officer is hereby authorized to execute and deliver such Escrow Agreement, on behalf of the District, in multiple counterparts.

To maximize the District's present value savings and to minimize the District's costs of refunding, the District hereby authorizes and directs that certain of the Refunded Bonds shall be called for redemption prior to maturity in the amounts, at the dates and at the redemption prices set forth in each Pricing Certificate, and the Pricing Officer is hereby authorized and directed to take all necessary and appropriate action to give or cause to be given a notice of redemption to the holders or paying agent/registrar, as appropriate, of such Refunded Bonds, in the manner required by the documents authorizing the issuance of such Refunded Bonds.

The Pricing Officer and the Escrow Agent are each hereby authorized (a) to subscribe for, agree to purchase, and purchase Defeasance Securities that are permitted investments for a defeasance escrow established to defease Refunded Bonds, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved, and (b) to authorize such contributions to the escrow fund as are provided in the Escrow Agreement.

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 at a place readily accessible and convenient to the public within the District and on a bulletin board located at a place convenient to the public in Williamson County for the time required by law preceding this meeting, 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 Registration Books 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

OTHER ACTIONS AND MATTERS

SECTION 18.01. OTHER ACTIONS. The President, Vice President or Treasurer and Secretary of the Board of Directors of the District, and the General Manager 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 initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, any insurance commitment letter or insurance policy and the Official Statement. In addition, prior to the initial delivery of the Bonds, President, Vice President or Treasurer and Secretary of the Board of Directors of the District, the District's General Counsel 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, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office.

SECTION 18.02. 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 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.

ARTICLE NINETEEN

CONTINUING DISCLOSURE

Section 19.01. CONTINUING DISCLOSURE UNDERTAKING. (a) 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 each fiscal year, financial information and operating data with respect to the District as determined by the Pricing Officer at the time the Bonds are sold. The Pricing Certificate shall specify such financial information and operating data. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described 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 such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB, and audited financial statements when such 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.

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

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material within the meaning of the federal securities laws;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;

- F. 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
- G. Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;
- H. Bond calls, if material within the meaning of the federal securities laws and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the District;
- M. 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 within the meaning of the federal securities laws; and
- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws.

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 subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(b) 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 Order for purposes of any other provision of this 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 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.

EXHIBIT "A"

DEFINITIONS.

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

"Accreted Value" shall mean, with respect to any Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof, plus all interest accrued and compounded to the particular date of calculation, as determined in accordance with the Pricing Certificate and the Accretion Table attached as an exhibit to the Pricing Certificate relating to the Bonds that shows the Accreted Value per \$5,000 maturity amount on the calculation date of maturity to its maturity.

"Accretion Table" means the exhibit attached to the Pricing Certificate that sets forth the rounded original principal amounts at the Issuance Date for the Premium Compound Interest Bonds and the Accreted Values and maturity amounts thereof as of each Compounding Date until final maturity.

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

"Authorized Denominations" means the denomination of \$5,000 or any integral multiple thereof with respect to the Current Interest Bonds and in the denomination of \$5,000 in maturity amount or any integral multiple thereof with respect to the Premium Compound Interest Bonds.

"Authorized Investments" means such investments authorized pursuant to the investment policy of the District and Chapter 2256 of the Government Code, as amended.

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

"Bond Insurer" means the insurer of the bonds, if any, as designated in the Pricing Certificate.

"Bonds" shall mean and include collectively the Premium Compound Interest Bonds and Current Interest Bonds initially issued and delivered pursuant to this Order and the Pricing Certificate and all substitute Bonds and 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" means this Order of the Board of Directors authorizing the issuance of the Bonds.

"Business Day" means any day which is not a Saturday, Sunday or a day on which the Paying Agent/Registrar is authorized by law or executive order to remain closed.

"Compounded Amount" shall mean, with respect to a Premium Compound Interest Bond, as of any particular date of calculation, the original principal amount thereof plus all interest accrued and compounded to the particular date of calculation.

"Compounding Date" means the amounts as of any June 1 and December 1 as set forth in the Accretion Table.

"Current Interest Bonds" shall mean the Bonds paying current interest and maturing in each of the years and in the aggregate principal amounts set forth in the Pricing Certificate.

"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 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.

"Escrow Agreement" means the agreement between the District and Wells Fargo Bank N.A., as escrow agent.

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

"Federal Securities" as used herein 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 Section 3.02 of this Bond Order.

"Interest Payment Date" means a date on which interest on the Current Interest Bonds is due and payable as set forth in the Pricing Certificate.

"Issuance Date" means the date of delivery of the Bonds.

"MSRB" shall mean 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 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 Order.

"Outstanding Bonds" means the District's outstanding Series 2004 Bonds dated August 1, 2004, issued in the original principal amount of \$3,285,000; the Series 2005 dated October 1, 2005, issued in the original principal amount of \$9,500,000, the Series 2007 dated March 1, 2007, issued in the original principal amount of \$7,840,000 the Series 2009 dated September 1, 2009, issued in the original principal amount of \$7,975,000, the Series 2010 dated August 1, 2010, issued in the original principal amount of \$17,190,000, and the Series 2011 dated September 15, 2011, issued in the original principal amount of \$2,085,000

"Premium Compound Interest Bonds" shall mean the Bonds on which no interest is paid prior to maturity, maturing in various amounts and in the aggregate principal amount as set forth in the Pricing Certificate.

"Pricing Certificate" means the Pricing Certificate of the District's Pricing Officer to be executed and delivered pursuant to Section 3.02 hereof in connection with the issuance of the Bonds.

"Pricing Officer" means the General Manager of the District or in his absence the President of the Board, acting as the designated pricing officer of the District to execute the Pricing Certificate.

"Record Date" means the 15th day of the month next preceding each Interest Payment Date, whether or not such dates are Business Days.

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

"Refundable Bonds" means any of the District's Outstanding Bonds.

"Refunded Bonds" means those Refundable Bonds to be refunded as designated by the Pricing Officer in the Pricing Certificate.

"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" or "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" shall mean SEC Rule 15c2-12, as amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

"Special Project Bonds" shall mean those bonds authorized pursuant to Section 11.04 of this Bond Order.

"System" shall mean 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 additions or extensions thereto or improvements and replacements thereof.

"Underwriter" means the senior managing underwriter as selected by the Pricing Officer, and such additional investment banking firms, if any, as the Pricing Officer deems appropriate.

EXHIBIT "B"

CONTINUING DISCLOSURE UNDERTAKING

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.



RECEIPT FOR PROCEEDS

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

The undersigned hereby certifies as follows:

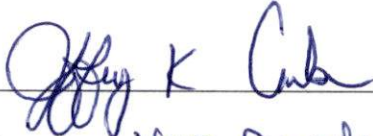
- (a) This certificate is executed and delivered with reference to:

\$8,140,000 Brushy Creek Municipal Utility District
Unlimited Tax Refunding 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:

RAYMOND JAMES & ASSOCIATES, INC.;
- (d) I hereby acknowledge the transfer of funds made on behalf of the District pursuant to the District's closing memorandum dated May 20, 2020.

EXECUTED AND DELIVERED this 20th day of May, 2020.

WELLS FARGO BANK, N.A.

By: 
Title: Vice President

NOTICE OF REDEMPTION

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
TEXAS UNLIMITED TAX REFUNDING BONDS
SERIES 2012
DTD 11/1/2012

Redemption Date 06/01/2020

CUSIP	Rate	Price	Maturity	Call Reason	Called Amount
117464NW3	3.0000%	100.000000	06/01/2022	CONDITIONAL REDEMPTION	\$685,000.00
117464NX1	3.0000%	100.000000	06/01/2023	CONDITIONAL REDEMPTION	\$710,000.00
117464NY9	3.0000%	100.000000	06/01/2024	CONDITIONAL REDEMPTION	\$1,600,000.00
117464NZ6	3.0000%	100.000000	06/01/2025	CONDITIONAL REDEMPTION	\$730,000.00
117464PA9	3.0000%	100.000000	06/01/2026	CONDITIONAL REDEMPTION	\$750,000.00
117464PB7	3.0000%	100.000000	06/01/2027	CONDITIONAL REDEMPTION	\$1,110,000.00
117464PC5	3.0000%	100.000000	06/01/2028	CONDITIONAL REDEMPTION	\$1,145,000.00

NOTICE IS HEREBY GIVEN that the securities described herein have been called for redemption at the applicable redemption price plus accrued interest, if any, to the redemption date. On the redemption date, each security shall become due and payable, and interest shall cease to accrue. In the event less than the entire principal amount of a security is to be redeemed, a new security for the unredeemed portion will be issued in your name without charge. Payment of the redemption proceeds will be made on or after the redemption date upon presentation and surrender of the securities, if required by the governing documents, to:

Registered/Certified Mail:

Wells Fargo Bank, N.A.

Corporate Trust Operations
P.O. Box 1517
Minneapolis, MN 55480-1517

Air Courier:

Wells Fargo Bank, N.A.

600 Fourth Street South, 7th Floor
MAC N9300-070
Minneapolis, MN 55415

Wells Fargo Bank, N.A. policy does not allow the safekeeping of securities within Corporate Trust Operations for a period of longer than 30 days. Please DO NOT submit your securities for payment more than 30 days in advance of the redemption date. A \$25.00 wire transfer fee will be deducted from each payment requested to be made by wire. When inquiring about this redemption, please have the Bond number available. Please inform the customer service representative of the CUSIP number(S) of the affected Bond. Customer Service can be reached Toll Free at 1-800-344-5128.

IMPORTANT INFORMATION REGARDING TAX CERTIFICATION AND POTENTIAL WITHHOLDING:

Pursuant to U.S. federal tax laws, you have a duty to provide the applicable type of tax certification form issued by the U.S. Internal Revenue Service ("IRS") to Wells Fargo Bank, N.A. Corporate Trust Services to ensure payments are reported accurately to you and to the IRS. In order to permit accurate withholding (or to prevent withholding), a complete and valid tax certification form must be received by Wells Fargo Bank, N.A. Corporate Trust Services before payment of the redemption proceeds is made to you. Failure to timely provide a valid tax certification form as required will result in the maximum amount of U.S. withholding tax being deducted from any redemption payment that is made to you.



BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

By: Wells Fargo Bank, N.A. as Agent

Publication Date: MAY 05, 2020

From: EMMANotifications@msrb.org
To: [Jacqueline Hale](#)
Subject: Confirmation: Continuing Disclosure Submission Successfully Published to EMMA
Date: Friday, May 01, 2020 5:46:30 PM

Your continuing disclosure submission has been published and can be viewed on the MSRB's Electronic Municipal Market Access (EMMA®) website at the following link:

<https://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=SS1054045>

SubmissionId: SS1054045

Disclosure Type: EVENT FILING

Bond Call: EVENT FILING

Document Name: Event Filing dated 05/01/2020

Conditional Notice of Redemption - 2011 Bonds PPv2 posted 05/01/2020 6:43:20 PM

The following issuers are associated with this continuing disclosure submission:

CUSIP6	State	Issuer Name
117464	TX	BRUSHY CREEK MUN UTIL DIST TEX

The following 8 Securities have been published with this continuing disclosure submission:

Security: CUSIP - 117464ND5, Maturity Date - 06/01/2021
Security: CUSIP - 117464NE3, Maturity Date - 06/01/2022
Security: CUSIP - 117464NF0, Maturity Date - 06/01/2023
Security: CUSIP - 117464NG8, Maturity Date - 06/01/2024
Security: CUSIP - 117464NH6, Maturity Date - 06/01/2025
Security: CUSIP - 117464NJ2, Maturity Date - 06/01/2026
Security: CUSIP - 117464NK9, Maturity Date - 06/01/2027
Security: CUSIP - 117464NL7, Maturity Date - 06/01/2028

Please follow the link to make changes to this submission:

<https://dataport.emma.msrb.org/Home?Index>

PLEASE DO NOT REPLY. This is a system-generated e-mail. If you need assistance please contact the MSRB at 202-838-1330 or you may obtain more information at www.msrb.org.

Submission ID: SS1054045

Submission Date: 5/1/2020 6:43 PM

Status: PUBLISHED

Disclosure Categories

Rule 15c2-12 Disclosure

Bond Call: EVENT FILING,

Document

File	Period Date
Conditional Notice of Redemption - 2011 Bonds PPv2	05/01/2020

Associated Securities

The following are associated with this continuing disclosure submission.

CUSIP-6	Issuer Name
117464	BRUSHY CREEK MUN UTIL DIST TEX

Total CUSIPs associated with this submission: 8

The disclosure will be published for the following securities.

CUSIP-9	Issue Description	Dated Date	Maturity Date	Coupon (%)
117464ND5	REF	09/15/2011	06/01/2021	3.84
117464NE3	REF	09/15/2011	06/01/2022	3.84
117464NF0	REF	09/15/2011	06/01/2023	3.84
117464NG8	REF	09/15/2011	06/01/2024	3.84
117464NH6	REF	09/15/2011	06/01/2025	3.84
117464NJ2	REF	09/15/2011	06/01/2026	3.84

Submitter's Contact Information

McCall, Parkhurst & Horton L.L.P.
Name: JACQUELINE HALE
Address: 600 CONGRESS AVE, SUITE 1800
City, State Zip: AUSTIN, TX 78738
Phone Number: 5124783805
Email: jhale@mphlegal.com

Issuer's Contact Information

Obligated Person's Contact Information