



Corporate Trust Services
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071

NOTICE OF RECENT DEVELOPMENTS CONCERNING THE ISSUER

Willacy County Local Government Corporation, Taxable Project Revenue Refunding and Improvement Bonds, Series 2011 (the "*Bonds*") (CUSIPs: 969126AE1, AD3)*

Please forward this notice to beneficial holders.

U.S. Bank National Association ("*U.S. Bank*") serves as trustee (in such capacity, the "*Trustee*") under that certain Trust Indenture dated as of July 1, 2011 (the "*Indenture*") by and between it, as Trustee, and Willacy County Local Government Corporation, as issuer (the "*Issuer*" or "*LGC*"), pursuant to which the above-referenced Bonds were issued. The Issuer used the proceeds of the Bonds to refund and redeem certain prior bonds issued in connection with the acquisition and construction of a detention facility (the "*Project*") located in Willacy County, Texas. The Project is currently being maintained by Management and Training Corporation (the "*Operator*" or "*MTC*") pursuant to the terms of that certain Amended and Restated Agreement dated as of July 28, 2011 (the "*O&M Agreement*") between the Issuer and the Operator, as supplemented by that certain Interim Agreement dated as of October 12, 2015 (the "*Interim Agreement*") between the Operator and the Trustee. Prior to February 20, 2015, the Operator housed inmates at the Project under a per-diem fee contract (the "*BOP Contract*") with the United States Bureau of Prisons (the "*BOP*"). The BOP per-diem remittances constituted substantially all the revenue generated by the Project, and such remittances were the sole source (other than certain reserves) for payments on the Bonds. Payments on the Bonds are secured by that certain Deed of Trust and Security Agreement dated as of July 1, 2011 (the "*Deed of Trust*"), granted by the Issuer for the benefit of the Trustee. Capitalized terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture or the Deed of Trust.

The purpose of this Notice is to inform holders of the Bonds of certain recent developments affecting the Project and the Bonds.

As previously advised, pursuant to a direction from the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Bonds, on January 6, 2017, the Trustee provided written notice to the Issuer making the principal of the Bonds immediately due and payable.

Pursuant to an additional direction from the Holders of not less than 66-2/3% in aggregate principal amount of the Outstanding Bonds, on January 24, 2017, the Trustee entered into a binding contract for sale of the Project, which will result in a substantial recovery for the Holders of Bonds once closing occurs. Agreements related to such sale will also resolve all

currently outstanding litigation and insurance claims and provide a release to the Operator. Such closing is currently anticipated to occur within 45 days.

The Trustee is continuing to assess the current situation and intends to send further notices to holders of the Bonds if and as material developments occur with respect to the Project or the Bonds. Recent Notices to Holders, the Official Statement and other information concerning the Bonds can be found on the Municipal Securities Rulemaking Board (MSRB) website at www.emma.msrb.org. Holders with questions about this notice should direct them to Keith R. Marshall, Vice President, U.S. Bank National Association, 633 W. Fifth Street, 24th Floor, Los Angeles, CA 90071. Mr. Marshall's telephone number is (213) 615-6034. Holders with questions may also contact U.S. Bank at either (800) 934-6802, option 4; or: www.usbank.com/corp_trust/bondholder_contact.html.

The Trustee may conclude that a specific response to particular inquiries from individual holders is not consistent with equal and full dissemination of information to all holders. Holders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no investment advice.

U.S. Bank National Association,
as Trustee

March 2, 2017

* Trustee is not responsible for selection or use of CUSIP. It is included solely for holder convenience.