



**MAVERICK COUNTY PUBLIC FACILITY CORPORATION**  
**\$42,255,000 Project Revenue Bonds, Series 2007A-1**  
**\*CUSIPs: 577688 AA2, AB0**

**Please forward this notice to beneficial holders.**

UMB Bank, N.A. serves as Successor Trustee (in such capacity, the "Trustee") under that certain Trust Indenture dated as of July 1, 2007 (as amended or supplemented, the "Indenture"), by and between U.S. Bank National Association (the original Trustee), and Maverick County Public Facility Corporation, as issuer (the "Issuer"), pursuant to which the above-referenced bonds (the "Bonds") were issued. The Issuer used the proceeds of the Bonds to finance its acquisition, construction and equipping of a detention facility (the "Project") located in Maverick County, Texas (the "County"). The Issuer leased the Project to the County pursuant to that certain Lease Agreement (with Option to Purchase) dated as of July 1, 2007 (the "Lease"), between the Issuer, as lessor, and the County, as lessee. The Lease was assigned to the Trustee. Rental Payments and Rental Payment Deposits made by the County under the Lease support debt service payments on the Bonds. Payments on the Bonds are further secured by a mortgage on and a security interest in the Project pursuant to that certain Deed of Trust and Security Agreement dated July 1, 2007 (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 to such terms in the Indenture or the Lease.

**February 1, 2015 Principal Payment Will Not Be Paid**

Pursuant to the terms of the Indenture, on February 1, 2014, \$1,415,000 in principal amount of the Bonds were to be redeemed pursuant to the mandatory sinking fund redemption. The February 1, 2015 interest payment will be made; however, there are insufficient funds in the Project Fund to transfer to the Bond Fund to pay the February 1 principal payment.

**Funds Held by Trustee After the February Interest Payment is Made**

It is estimated that, after the February 1, 2015 interest payment is made, the Trustee will be holding \$3,704,656.61 in the Debt Service Reserve Fund, \$707,546.64 in the Project Rental Fund and \$215,490.72 in the Project Operating Fund.

### **Events of Default Have Occurred Under the Indenture**

As previously advised, the operator of the Project, The GEO Group, Inc. (“GEO”), has terminated its operating agreement with the County and the County Sheriff took over the operation of the Project effective November 1, 2013. Since that time, the County Sheriff has been operating the Project and has informed the Trustee that the County has advanced a portion of its own funds to pay various operating costs and expenses.

As of the date of this notice, several Events of Default have occurred and are continuing under the Indenture, including the Event of Default caused by having insufficient funds to make the February 1, 2015 Mandatory Sinking Fund Payment. Under the terms of the Lease, including Section 6.4 thereof, all Project Revenues have been pledged as security for the Bonds and the County is obligated to cause all Project Revenues to be delivered directly to the Trustee. The County continues to intercept Project Revenues, which constitutes a violation of the County’s obligations under the Lease. The County has then remitted funds to the Trustee to cover the required monthly debt service deposits along with additional funds that it requisitions back for payment of operating expenses. Under the terms of the Lease, all Project Revenues must be delivered directly to the Trustee and are to be used to pay Rental Payment Deposits first, prior to using such revenues to pay Project operating costs and expenses. Section 12.1(a) of the Lease provides that failure by the County to make a Rental Payment, Rental Payment Deposit or any other payment required to be paid under the Lease constitutes an Event of Default. The County’s failure to deliver intercepted funds to the Trustee for application towards the Rental Payment Deposits has caused an Event of Default under Section 12.1(a) of the Lease, which also constitutes an Event of Default under Section 7.01(c) of the Indenture.

Additionally, the County has not provided the Trustee with various deliverables required under the Lease, including annual audits of the Project’s operations during the 2013 Fiscal Year as required by Section 2.1(l) of the Lease. The failure to timely deliver such remaining overdue items to the Trustee constitutes additional Events of Default under Section 12.1(b) of the Lease, and also under Section 7.01(c) of the Indenture.

### **Miscellaneous**

Prior to any distribution of funds to holders of the Bonds, funds held or received by the Trustee under the Indenture are to be used first for payment of the fees and costs incurred or to be incurred by the Trustee in performing its duties, as well as for any indemnities owing or to become owing to the Trustee. This includes, but is not limited to, compensation for Trustee time spent, and the fees and costs of counsel and other agents it employs, to pursue remedies or other actions to protect the security or other interests of holders of 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](http://www.emma.msrb.org). Holders with questions about this notice should direct them to Lorna Gleason, Senior Vice President, UMB Bank, Corporate Trust & Escrow Services, 120 South Sixth Street, Minneapolis, MN 55402. Ms. Gleason’s telephone number is

(816) 213-4547 and her email address is [lorna.gleason@umb.com](mailto:lorna.gleason@umb.com). 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 legal or investment advice.

**UMB Bank, N.A.**

February 2, 2015