



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

Notice of Theft Damage to Project

**Newton County Public Facility Corporation
Lease Revenue Bonds, Series 2002
(\$9,490,000 Bonds Outstanding)**

***CUSIP Number: 652704AC1**

Please forward this notice to beneficial holders.

U.S. Bank National Association is the Trustee (the "Trustee"), under the Trust Indenture dated as of February 1, 2002 (the "Indenture"), by and between Newton County Public Facility Corporation (the "Issuer") and the Trustee, which governs the above-referenced bonds (the "Bonds"). Capitalized terms used herein but otherwise not specifically defined shall have the meanings for such terms set forth in the Indenture.

Rental Payments by Newton County, Texas (the "County") as lessee under that certain Lease Agreement dated as of February 1, 2002 (the "Lease"), together with amounts held by the Trustee under the Indenture, support payments due on the Bonds. The County's obligation to make Rental Payments under the Lease is payable solely from revenues derived from operation of the Project, which is located in the County and described more fully in Official Statement relating to the Bonds dated February 26, 2002 (the "Official Statement"). Reference should be made to the Official Statement for further information concerning the Bonds, the Indenture, the Lease, the Project and related matters.

Notice of Theft Damage to Project

As you may know from the Trustee's prior notices, the Project has been non-operational for several years. There are no inmates and no Operator, but the property had working utilities and was available for usage once a new inmate population was identified.

The Trustee was recently notified by the Issuer's legal counsel that the Project had been substantially damaged as result of theft by a group of individuals. It appears the group was well organized and has stripped and/or extracted substantial items of salvageable property from the facility such as copper wire, brass locks, water meters, A/C compressors, generators, etc. The Trustee further understands that local law enforcement has apprehended several suspects in connection with the theft and that the criminal investigation remains ongoing.

It is unclear to what extent the theft will impact the ability to operate or reopen the facility in the future. The Trustee does have commercial property insurance with respect to the Project and has alerted the insurance carrier of the occurrence of the theft. The Trustee has commenced the process of reviewing the insurance policy for possible coverage related to the damage and procedures under the policy for submitting and prosecuting any related claim. Given the relatively recent occurrence of the theft and the ongoing investigation, the Trustee has not received a crime report, any inventory of the stolen items taken from the facility or any indication whether any of the stolen items have been recovered.

Accordingly, it is too early to know the full extent of the damage and what if any insurance recovery will be available with respect thereto.

The Trustee intends to send further notices to holders of Bonds if and as material developments occur with respect to theft event/claim, the Project generally 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.

Under the Indenture, holders of at least two-thirds of the aggregate principal amount of outstanding Bonds have the right to direct certain of the Trustee's actions under and subject to the conditions contained in the Indenture, which include (among other things) providing the Trustee with an indemnity against liability satisfactory to the Trustee.

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. Additionally, it is possible that the Trustee may have to pay for certain preservation of collateral costs (such as for utilities or insurance at the Project) from funds held by the Trustee under the Indenture.

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**

April 15, 2019

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