

NORTHAMPTON MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

DEFINED AREA
 SERIES - 2016

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2018	\$ 170,000	\$ 187,262	\$ 357,262
2019	180,000	183,862	363,862
2020	185,000	180,262	365,262
2021	190,000	176,562	366,562
2022	195,000	172,762	367,762
2023	205,000	168,570	373,570
2024	210,000	163,857	373,857
2025	220,000	158,920	378,920
2026	225,000	153,420	378,420
2027	235,000	147,458	382,458
2028	245,000	140,878	385,878
2029	250,000	134,018	384,018
2030	260,000	126,518	386,518
2031	270,000	118,718	388,718
2032	280,000	110,348	390,348
2033	290,000	101,668	391,668
2034	300,000	92,242	392,242
2035	310,000	82,492	392,492
2036	320,000	71,952	391,952
2037	330,000	61,072	391,072
2038	345,000	49,852	394,852
2039	355,000	37,950	392,950
2040	365,000	25,702	390,702
2041	380,000	13,110	393,110
	<u>\$ 6,315,000</u>	<u>\$ 2,859,455</u>	<u>\$ 9,174,455</u>

See accompanying independent auditor's report.

NORTHAMPTON MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

DEFINED AREA
ROAD SERIES - 2016

Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2018	\$ 75,000	\$ 79,453	\$ 154,453
2019	75,000	78,515	153,515
2020	80,000	77,391	157,391
2021	80,000	75,991	155,991
2022	85,000	74,392	159,392
2023	90,000	72,606	162,606
2024	90,000	70,806	160,806
2025	95,000	68,782	163,782
2026	95,000	66,406	161,406
2027	100,000	63,794	163,794
2028	105,000	61,044	166,044
2029	110,000	57,894	167,894
2030	110,000	54,594	164,594
2031	115,000	51,294	166,294
2032	120,000	47,844	167,844
2033	125,000	43,794	168,794
2034	130,000	39,575	169,575
2035	135,000	35,188	170,188
2036	135,000	30,632	165,632
2037	140,000	26,075	166,075
2038	145,000	21,350	166,350
2039	150,000	16,275	166,275
2040	155,000	11,025	166,025
2041	160,000	5,600	165,600
	<u>\$ 2,700,000</u>	<u>\$ 1,230,320</u>	<u>\$ 3,930,320</u>

See accompanying independent auditor's report.

NORTHAMPTON MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

REFUNDING SERIES - 2016			
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2018	\$ 20,000	\$ 168,050	\$ 188,050
2019	20,000	167,650	187,650
2020	20,000	167,250	187,250
2021	20,000	166,850	186,850
2022	245,000	164,200	409,200
2023	245,000	159,300	404,300
2024	250,000	154,350	404,350
2025	260,000	146,650	406,650
2026	190,000	137,650	327,650
2027	195,000	129,950	324,950
2028	190,000	122,250	312,250
2029	190,000	114,650	304,650
2030	195,000	106,950	301,950
2031	645,000	90,150	735,150
2032	675,000	63,750	738,750
2033	705,000	36,150	741,150
2034	735,000	11,025	746,025
2035			
2036			
2037			
2038			
2039			
2040			
2041			
	<u>\$ 4,800,000</u>	<u>\$ 2,106,825</u>	<u>\$ 6,906,825</u>

See accompanying independent auditor's report.

NORTHAMPTON MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

S E R I E S - 2 0 1 6			
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2018	\$ 290,000	\$ 331,995	\$ 621,995
2019	295,000	326,145	621,145
2020	305,000	320,145	625,145
2021	315,000	313,157	628,157
2022	330,000	305,095	635,095
2023	340,000	296,720	636,720
2024	350,000	287,220	637,220
2025	360,000	276,570	636,570
2026	375,000	265,545	640,545
2027	385,000	254,145	639,145
2028	400,000	242,370	642,370
2029	410,000	230,220	640,220
2030	425,000	217,483	642,483
2031	440,000	203,745	643,745
2032	455,000	189,087	644,087
2033	470,000	173,590	643,590
2034	485,000	157,113	642,113
2035	500,000	139,875	639,875
2036	515,000	121,726	636,726
2037	535,000	102,564	637,564
2038	550,000	81,800	631,800
2039	570,000	59,400	629,400
2040	590,000	36,200	626,200
2041	610,000	12,200	622,200
	<u>\$ 10,300,000</u>	<u>\$ 4,944,110</u>	<u>\$ 15,244,110</u>

See accompanying independent auditor's report.

NORTHAMPTON MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2017

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2018	\$ 1,440,000	\$ 1,198,223	\$ 2,638,223
2019	1,360,000	1,159,860	2,519,860
2020	1,405,000	1,122,415	2,527,415
2021	1,455,000	1,082,420	2,537,420
2022	1,515,000	1,041,924	2,556,924
2023	1,570,000	1,001,622	2,571,622
2024	1,620,000	958,648	2,578,648
2025	1,685,000	910,195	2,595,195
2026	1,560,000	860,089	2,420,089
2027	1,615,000	811,215	2,426,215
2028	1,545,000	763,021	2,308,021
2029	1,585,000	715,987	2,300,987
2030	1,645,000	666,657	2,311,657
2031	1,730,000	611,676	2,341,676
2032	1,795,000	550,670	2,345,670
2033	1,870,000	486,271	2,356,271
2034	1,940,000	421,924	2,361,924
2035	2,030,000	356,048	2,386,048
2036	2,105,000	283,948	2,388,948
2037	1,255,000	224,805	1,479,805
2038	1,300,000	178,690	1,478,690
2039	1,345,000	129,375	1,474,375
2040	1,395,000	78,271	1,473,271
2041	1,150,000	30,910	1,180,910
	<u>\$ 37,915,000</u>	<u>\$ 15,644,864</u>	<u>\$ 53,559,864</u>

See accompanying independent auditor's report.

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NORTHAMPTON MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017

Description	Original Bonds Issued	Bonds Outstanding January 1, 2017
Northampton Municipal Utility District Waterworks and Sewer System Unlimited Tax Bonds - Series 2006	\$ 4,000,000	\$ 155,000
Northampton Municipal Utility District Unlimited Tax Park Bonds - Series 2006	1,775,000	70,000
Northampton Municipal Utility District Unlimited Tax Bonds - Series 2010	4,000,000	200,000
Northampton Municipal Utility District Unlimited Tax Refunding Bonds - Series 2010	6,965,000	3,365,000
Northampton Municipal Utility District Unlimited Tax Bonds - Series 2012	2,175,000	2,175,000
Northampton Municipal Utility District Unlimited Tax Bonds - Refunding Bonds - Series 2014	4,320,000	4,235,000
Northampton Municipal Utility District Unlimited Tax Bonds - Series 2015	4,460,000	4,460,000
Northampton Municipal Utility District Defined Area Unlimited Tax Bonds - Series 2016	6,490,000	6,490,000
Northampton Municipal Utility District Defined Area Unlimited Tax Road Bonds - Series 2016	2,700,000	2,700,000
Northampton Municipal Utility District Unlimited Tax Refunding Bonds - Series 2016	4,800,000	4,800,000
Northampton Municipal Utility District Unlimited Tax Bonds - Series 2016	10,300,000	10,300,000
TOTAL	\$ 51,985,000	\$ 38,950,000

For interest rates, interest payment dates and maturity dates, see Note 3.

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding December 31, 2017	Paying Agent
	Principal	Interest		
\$	\$ 155,000	\$ 3,100	\$ -0-	Wells Fargo Bank N.A. Houston, TX
	70,000	1,365	-0-	Wells Fargo Bank N.A. Houston, TX
	25,000	7,938	175,000	Wells Fargo Bank N.A. Houston, TX
	470,000	124,025	2,895,000	Wells Fargo Bank N.A. Houston, TX
		73,562	2,175,000	Regions Bank Houston, TX
	25,000	115,194	4,210,000	Regions Bank Birmingham, AL
	115,000	135,744	4,345,000	Regions Bank Houston, TX
	175,000	184,403	6,315,000	Regions Bank Houston, TX
		73,273	2,700,000	Regions Bank Houston, TX
		145,351	4,800,000	Regions Bank Houston, TX
		240,008	10,300,000	Regions Bank Houston, TX
\$ - 0 -	\$ 1,035,000	\$ 1,103,963	\$ 37,915,000	

See accompanying independent auditor's report.

NORTHAMPTON MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2017

District Wide:	Tax and Revenue Bonds	Tax Bonds and Refunding Bonds	Park Bonds
Bond Authority:			
Authorized by Voters	\$ 10,600,000	\$ 54,700,000	\$ 1,775,000
Amount Issued	<u>10,600,000</u>	<u>30,660,000</u>	<u>1,775,000</u>
Remaining to be Issued	<u>\$ - 0 -</u>	<u>\$ 24,040,000</u>	<u>\$ - 0 -</u>
Defined Area:		Tax Bonds and Refunding Bonds	Road Bonds
Bond Authority:			
Authorized by Voters		\$ 41,000,000	\$ 17,000,000
Amount Issued		<u>6,490,000</u>	<u>2,700,000</u>
Remaining to be Issued		<u>\$ 34,510,000</u>	<u>\$ 14,300,000</u>
Debt Service Fund cash and investment balances as of December 31, 2017:			<u>\$ 3,057,011</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 2,231,661</u>

See accompanying independent auditor's report.

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NORTHAMPTON MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2017	2016	2015
REVENUES			
Property Taxes	\$ 1,472,206	\$ 1,614,958	\$ 1,042,385
Water Service	1,086,063	1,136,965	1,001,460
Wastewater Service	1,267,422	1,219,691	1,126,294
Penalty and Interest	35,902	36,917	37,948
Tap Connection and Inspection Fees	145,278	229,147	90,906
Facility Use Fees	116,464	117,357	109,162
Regional Water Authority Fees	1,068,119	1,002,237	737,987
Investment Revenues	23,637	6,510	3,173
Miscellaneous Revenues	39,407	85,754	95,683
TOTAL REVENUES	<u>\$ 5,254,498</u>	<u>\$ 5,449,536</u>	<u>\$ 4,244,998</u>
EXPENDITURES			
Professional Fees	\$ 325,363	\$ 322,896	\$ 301,728
Contracted Services	542,887	571,679	528,368
Purchased Wastewater Service	432,760	401,395	300,073
Utilities	104,398	128,835	106,945
Repairs and Maintenance	369,999	380,222	213,767
Regional Water Authority Assessments	1,054,157	946,357	652,924
Parks and Recreation	1,366,938	1,288,636	1,104,432
Other	283,229	318,730	250,970
Capital Outlay:			
Parks and Recreation	276,277	44,545	61,614
Other Facilities			21,975
Debt Service:			
Bond Issuance Costs			32,948
TOTAL EXPENDITURES	<u>\$ 4,756,008</u>	<u>\$ 4,403,295</u>	<u>\$ 3,575,744</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 498,490</u>	<u>\$ 1,046,241</u>	<u>\$ 669,254</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>\$ 226,208</u>	<u>\$ (422,238)</u>	<u>\$ 26,027</u>
NET CHANGE IN FUND BALANCE	\$ 724,698	\$ 624,003	\$ 695,281
BEGINNING FUND BALANCE	<u>2,528,552</u>	<u>1,904,549</u>	<u>1,209,268</u>
ENDING FUND BALANCE	<u>\$ 3,253,250</u>	<u>\$ 2,528,552</u>	<u>\$ 1,904,549</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2014	2013	2017	2016	2015	2014	2013
\$ 975,998	\$ 821,340	28.0 %	29.4 %	24.4 %	22.5 %	24.9 %
846,002	728,175	20.7	20.9	23.6	19.5	22.0
949,019	875,255	24.1	22.4	26.5	21.9	26.5
25,950	31,472	0.7	0.7	0.9	0.6	1.0
653,447	1,420	2.8	4.2	2.1	15.1	
94,057	101,633	2.2	2.2	2.6	2.2	3.1
690,512	666,239	20.3	18.4	17.4	15.9	20.2
1,996	1,137	0.4	0.1	0.1		
98,989	77,571	0.8	1.7	2.4	2.3	2.3
<u>\$ 4,335,970</u>	<u>\$ 3,304,242</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 263,237	\$ 289,276	6.2 %	5.9 %	7.1 %	6.1 %	8.8 %
512,900	497,542	10.3	10.5	12.4	11.8	15.1
306,971	328,594	8.2	7.4	7.1	7.1	9.9
99,271	109,439	2.0	2.4	2.5	2.3	3.3
234,968	237,242	7.0	7.0	5.0	5.4	7.2
616,980	641,190	20.1	17.4	15.4	14.2	19.4
1,030,122	1,024,236	26.0	23.6	26.0	23.8	31.0
427,836	189,231	5.4	5.8	5.9	9.9	5.7
32,589		5.3	0.8	1.5	0.8	
	87,997			0.5		2.7
26,027				0.8	0.6	
<u>\$ 3,550,901</u>	<u>\$ 3,404,747</u>	<u>90.5 %</u>	<u>80.8 %</u>	<u>84.2 %</u>	<u>82.0 %</u>	<u>103.1 %</u>
<u>\$ 785,069</u>	<u>\$ (100,505)</u>	<u>9.5 %</u>	<u>19.2 %</u>	<u>15.8 %</u>	<u>18.0 %</u>	<u>(3.1) %</u>
<u>\$ 64,007</u>	<u>\$ 157,614</u>					
\$ 849,076	\$ 57,109					
360,192	303,083					
<u>\$ 1,209,268</u>	<u>\$ 360,192</u>					

See accompanying independent auditor's report.

NORTHAMPTON MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2017	2016	2015
REVENUES			
Property Taxes	\$ 2,397,312	\$ 1,813,256	\$ 1,401,822
Penalty and Interest	40,020	24,483	27,695
Investment Revenues	16,821	5,615	2,904
Miscellaneous Revenues	50	50	75
TOTAL REVENUES	<u>\$ 2,454,203</u>	<u>\$ 1,843,404</u>	<u>\$ 1,432,496</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 87,759	\$ 79,874	\$ 66,533
Debt Service Principal	1,035,000	720,000	925,000
Debt Service Interest and Fees	1,109,800	710,205	618,205
Bond Issuance Costs		200,612	
Payment to Refunded Bond Escrow Agent		43,000	
TOTAL EXPENDITURES	<u>\$ 2,232,559</u>	<u>\$ 1,753,691</u>	<u>\$ 1,609,738</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 221,644</u>	<u>\$ 89,713</u>	<u>\$ (177,242)</u>
OTHER FINANCING SOURCES (USES)			
Transfer In (Out)	\$	\$ 501,207	\$
Long-Term Debt Issued		454,076	210,284
Refunding Bonds		4,800,000	
Payment to Refunded Bond Escrow Agent		(4,900,123)	
Bond Premium		309,948	
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ 1,165,108</u>	<u>\$ 210,284</u>
NET CHANGE IN FUND BALANCE	\$ 221,644	\$ 1,254,821	\$ 33,042
BEGINNING FUND BALANCE	<u>2,187,950</u>	<u>933,129</u>	<u>900,087</u>
ENDING FUND BALANCE	<u>\$ 2,409,594</u>	<u>\$ 2,187,950</u>	<u>\$ 933,129</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,084</u>	<u>1,996</u>	<u>1,882</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>2,024</u>	<u>1,940</u>	<u>1,825</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2014	2013	2017	2016	2015	2014	2013
\$ 1,318,900	\$ 1,182,729	97.7 %	98.4 %	97.9 %	98.6 %	97.7 %
14,583	22,686	1.6	1.3	1.9	1.1	1.9
4,484	4,092	0.7	0.3	0.2	0.3	0.3
25	1,605					0.1
<u>\$ 1,337,992</u>	<u>\$ 1,211,112</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 51,544	\$ 48,659	3.6 %	4.3 %	4.6 %	3.9 %	4.0 %
830,000	815,000	42.2	39.1	64.6	62.0	67.3
679,172	687,835	45.2	38.5	43.2	50.8	56.8
106,157			10.9		7.9	
			2.3			
<u>\$ 1,666,873</u>	<u>\$ 1,551,494</u>	<u>91.0 %</u>	<u>95.1 %</u>	<u>112.4 %</u>	<u>124.6 %</u>	<u>128.1 %</u>
<u>\$ (328,881)</u>	<u>\$ (340,382)</u>	<u>9.0 %</u>	<u>4.9 %</u>	<u>(12.4) %</u>	<u>(24.6) %</u>	<u>(28.1) %</u>
\$	\$					
4,320,000						
(4,213,138)						
<u>\$ 106,862</u>	<u>\$ - 0 -</u>					
\$ (222,019)	\$ (340,382)					
1,122,106	1,462,488					
<u>\$ 900,087</u>	<u>\$ 1,122,106</u>					
<u>1,818</u>	<u>1,708</u>					
<u>1,766</u>	<u>1,653</u>					

See accompanying independent auditor's report.

District Mailing Address - Northampton Municipal Utility District
c/o Bacon & Wallace, L.L.P.
6363 Woodway, Suite 800
Houston, TX 77057

District Telephone Number - (713) 739-1060

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form (TWC Sections 36.054 and 49.054 July 28, 2017.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 21, 2003. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

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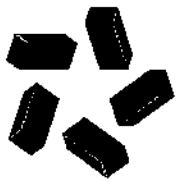
NORTHAMPTON MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2017

Key Personnel:	Date Hired	Fees for the year ended December 31, 2017	Title
Jim Sheffield	09/29/03	\$ 138,366	General Manager
Consultants:			
Bacon & Wallace, L.L.P.	01/01/01	\$ 133,950	General Counsel
		\$ -0-	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	12/16/91	\$ 27,925	Auditor
L&S District Services, LLC	01/15/90	\$ 35,050	Bookkeeper
Perdue Brandon Fielder Collins & Mott, L.L.P.	10/21/96	\$ 9,787	Delinquent Tax Attorney
Jones & Carter, Inc.	12/04/79	\$ 315,040	Engineer
Robert W. Baird & Co. Incorporated	01/19/15	\$ -0-	Financial Advisor
Cindy Schmidt	08/18/14	\$ -0-	Investment Officer
Hays Utility South Corporation	10/14/70	\$ 948,299	Operator
Tax Tech, Inc.	06/17/91	\$ 41,825	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy



BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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