

VI.

Adopt a Supplemental Order approving the sale of the Southwest Williamson County Road District No. 1 Special Assessment refunding bonds, Series 2003.

Moved: Commissioner Boatright

Seconded: Judge Doerfler

Motion: To adopt a Supplemental Order approving the sale of the Southwest Williamson County Road District No. 1 Special Assessment refunding bonds, Series 2003.

Vote: 5 – 0.

< Attachment >

A SUPPLEMENTAL ORDER APPROVING THE SALE OF THE SOUTHWEST
WILLIAMSON COUNTY ROAD DISTRICT NO. 1 SPECIAL ASSESSMENT
REFUNDING BONDS, SERIES 2003

WHEREAS, by order dated March 4, 2003 (the "Bond Order"), the Commissioners' Court of Williamson County, Texas, authorized the issuance by the Southwest Williamson County Road District No. 1 of its Special Assessment Refunding Bonds, Series 2003 (the "Bonds"); and

WHEREAS, the Bond Order provides that, upon receipt of satisfactory terms and conditions from the Underwriter (as defined therein), the District shall adopt a Supplemental Order approving the sale of the Bonds and specifying certain terms and conditions for the Bonds; and

WHEREAS, the District has received satisfactory terms and conditions for the Bonds from the Underwriter and wishes to proceed with the adoption of said Supplemental Order; therefore,

BE IT ORDERED BY THE COMMISSIONERS' COURT OF WILLIAMSON COUNTY,
TEXAS:

ARTICLE I

RECITALS; DEFINITIONS

Section 1.01. Recitals; Consideration. It is hereby found and determined that the matters and facts set out in the preamble to this Supplemental Order are true and correct.

Section 1.02. Definitions. Except as otherwise specifically provided herein, capitalized terms used in this Supplemental Order shall have the meanings provided in the Bond Order.

ARTICLE II

SALE OF THE BONDS

Section 2.01. Authorized Amount. The Bonds shall be issued in fully registered form in the aggregate principal amount of Four Million Three Hundred Thousand Dollars (\$4,300,000) for the purpose of refunding the Refunded Bonds.

Section 2.02. Interest Rates and Maturity. The Bonds shall bear interest from April 1, 2003, or the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rates set forth below, calculated on the basis of a 360-day year of twelve 30-day months, payable on September 1, 2003, and semiannually thereafter on March 1 and September 1 of each year until maturity or prior redemption. The Bonds shall mature on March 1 in each of the years and in the principal amounts as provided below:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2004	\$550,000	
2007	\$1,755,000	
2010	\$1,995,000	

Section 2.03. Sale; Bond Purchase Agreement. The Bonds are hereby sold and shall be delivered to the Underwriter at a price of \$ _____, plus accrued interest to the date of delivery, in accordance with the terms of the Bond Purchase Agreement of even date herewith, presented to and hereby approved by the Commissioners' Court, which price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the District. The County Judge and other appropriate officials of the District are hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the District, and to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

Section 2.04. Mandatory Redemption. The Bonds maturing in the years 2007 and 2010 (the "Term Bonds") are subject to mandatory redemption on March 1 in the years and in the principal amounts shown in the schedule below:

TERM BONDS MATURING IN THE YEAR 2007

<u>Principal Amount</u>	<u>Redemption Date</u>
\$560,000	March 1, 2005
\$585,000	March 1, 2006
\$610,000 (maturity)	March 1, 2007

TERM BONDS MATURING IN THE YEAR 2010

<u>Principal Amount</u>	<u>Redemption Date</u>
\$635,000	March 1, 2008
\$665,000	March 1, 2009
\$695,000 (maturity)	March 1, 2010

ARTICLE III

MISCELLANEOUS

Section 3.01. Redemption of Refunded Bonds. The District hereby irrevocably calls the Refunded Bonds for redemption prior to maturity on May 16, 2003, at a price of par plus accrued interest to the date fixed for redemption and directs that notice of such redemption be given in accordance with the order authorizing the issuance of such bonds. The amount of \$ _____ in

available funds of the District is hereby appropriated for use as a portion of the redemption price of the Refunded Bonds.

Section 3.02. Severability. If any Section, paragraph, clause or provision of this Supplemental Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Supplemental Order.

Section 3.03. Interpretation. Any ambiguity or inconsistency in this Supplemental Order shall be resolved, to the extent possible, in favor of maximizing the rights and benefits of the Owners.

Section 3.04. Effect of Order. This Supplemental Order shall be in force and effect from and after its passage, and it is so ordered. The Bond Order, as supplemented by this Supplemental Order, shall remain in full force and effect.

PASSED AND APPROVED the ____ day of April, 2003.

John C. Daerfler 4-8-03
County Judge
Williamson County, Texas

ATTEST:

County Clerk
Williamson County, Texas

[SEAL]



April 8, 2003

VIA LONE STAR

Judge John C. Doerfler
Williamson County
710 Main Street
Suite 201
Georgetown, Texas 78626

Re: \$4,205,000 Southwest Williamson County Road District #1 Special Assessment
Refunding Bonds, Series 2003

Dear Judge Doerfler:

I have included two copies of the Bond Purchase Agreement which was not executed yesterday for the above referenced issue. Please execute both copies and forward them on to Frank McCreary at Vinson & Elkins in the overnight envelope which is provided.

If you have any questions, please contact me.

Thank you,



Garry Kimball

Enclosures

INVESTMENT BANKERS SINCE 1946

98 San Jacinto Blvd. • Suite 370 • Austin, Texas 78701 • 512.481.2000 • Fax 512.481.2010

\$4,205,000
SOUTHWEST WILLIAMSON COUNTY ROAD DISTRICT NO. 1
(A political subdivision of the State of Texas
located within Williamson County, Texas)

SPECIAL ASSESSMENT REFUNDING BONDS
SERIES 2003

BOND PURCHASE AGREEMENT

April 8, 2003

Board of Directors
Southwest Williamson County Road District No. 1
c/o Sheets & Crossfield, P.C.
309 East Main
Round Rock, Texas 78664

Ladies and Gentlemen:

The undersigned, the GMS Group, L.L.C. (the "*Underwriter*"), offers to enter into the following agreement with Southwest Williamson County Road District No. 1 (the "*Issuer*") which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Houston, Texas Time, on April 8, 2003, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Bond Purchase Agreement shall have the same meanings set forth in the Bond Order (as defined herein) or in the Official Statement (as defined herein).

1. ***Purchase and Sale of the Bonds.*** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter at Closing (as hereinafter defined), all, but not less than all, of the Issuer's \$4,205,000 Special Assessment Refunding Bonds, Series 2003 (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Issuer, but rather is acting solely in its individual capacity as an Underwriter for its own account.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule I hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of an order adopted by the Commissioners Court of Williamson County, Texas (the "*Commissioners*

Court"), acting as the governing body of the Issuer on March 4, 2003, as supplemented by an order adopted by the Commissioners Court on April 8, 2003 (the "*Bond Order*").

The purchase price for the Bonds shall be \$4,014,941.50 (representing the par amount of the Bonds, less an original issue discount of \$42,883.50 and less an underwriting discount of \$147,175.00), plus interest accrued calculated on the basis of a 360-day year of twelve 30-day months, from the dated date of the Bonds to the Closing (as hereinafter defined).

In the connection with the execution and delivery of this Bond Purchase Agreement by a duly authorized representative of the Issuer, the Underwriter will deliver to the Issuer a corporate check payable to the Issuer in the amount of \$55,000.00 as security for the performance by the Underwriter of its obligations to accept and pay for the Bonds at Closing (described below) in accordance with the provisions of this Bond Purchase Agreement. Such check shall be held by the Issuer uncashed until the Closing and at the Closing shall be returned to the Underwriter upon receipt by or on behalf of the Issuer of the purchase price for the Bonds. In the event a duly authorized representative of the Issuer does not execute and deliver this Bond Purchase Agreement on or before 10:00 p.m., Houston, Texas Time, on April 8, 2003, or upon the Issuer's failure to deliver the Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if such obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, such check shall be immediately returned to the Underwriter. In the event that the Underwriter fails (other than for a reason permitted under this Bond Purchase Agreement) to accept and pay for the Bonds at the Closing, such check shall be retained and may be cashed by the Issuer as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and the cashing of such check and retention of such proceeds shall constitute a full release and discharge of all claims and rights hereunder against the Underwriter.

2. ***Public Offering.*** The Underwriter agrees to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement.

3. ***The Official Statement.*** (a) The Preliminary Official Statement of the Issuer, dated February 25, 2003, as supplemented, including the cover page and Appendices thereto, relating to the Bonds (collectively, the "*Preliminary Official Statement*"), as amended to conform to the terms of this Bond Purchase Agreement and with changes and amendments to the date hereof as have been mutually agreed to by the Issuer and the Underwriter, is referred to herein as the "*Official Statement*".

(b) The Preliminary Official Statement has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Issuer hereby represents and warrants that the Preliminary Official Statement delivered to the Underwriter immediately prior to or concurrently herewith is deemed final by the Issuer as of the date hereof, 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 Rule 15c2-12 under the Securities Exchange Act of 1934 ("*Rule 15c2-12*"). Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriter sufficient quantities of the Preliminary Official Statement as the Underwriter deems necessary to satisfy the obligations of the Underwriter under Rule 15c2-12 with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(c) As soon as practicable after the date hereof, and in any event within seven business days after the acceptance of this Bond Purchase Agreement by the Issuer, the Issuer shall deliver or cause to be delivered to the Underwriter, without charge, in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, a reasonable number of copies of the final Official Statement relating to the Bonds, which will be determined by an officer duly authorized by the Issuer to be a final Official Statement for purposes of Rule 15c2-12.

(d) The Issuer ratifies the use of the Preliminary Official Statement and authorizes the Official Statement to be used in connection with the offering of the Bonds, and ratifies and approves the prior distribution of the current drafts of each thereof by the Underwriter prior to the availability of the final version thereof.

(e) If, after the date of this Bond Purchase Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Rule 15c2-12) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities repository but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, 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 the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not, in light of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, 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.

(f) The Underwriter hereby agrees to timely file the Official Statement with a nationally recognized municipal securities information repository and notify the Issuer of the date of such filing. Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of Rule 15c2-12 shall be the date of the Closing.

4. ***Representations, Warranties, and Covenants of the Issuer.*** The Issuer hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is a limited purpose political subdivision of the State of Texas operating as a county road district pursuant to Chapter 1471, Texas Government Code, as amended, and Chapter 257, Texas Transportation Code, as amended and as such has full legal right, power and authority under Chapter 1207, Texas Government Code (the "Act"), and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Order (i) to enter into, execute and deliver this Bond Purchase Agreement, the Bond Order, and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Bond Order, and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Bond Order as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Order, and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds, the Bond Order and this Bond Purchase Agreement, and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Bond Order, this Bond Purchase Agreement and any and all such other agreements and documents as may required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Bond Order and this Bond Purchase Agreement constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Order and this Bond Purchase Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Order and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Order will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Bond Order;

(d) The Issuer is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any such instrument; and the execution and delivery of the Bonds, this Bond Purchase Agreement and the adoption of the Bond Order and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other

instrument to which the Issuer is a party or to which the Issuer is otherwise subject or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Order;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under this Bond Purchase Agreement, the Bond Order and the Bonds have been duly obtained or will be obtained prior to Closing, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Bond Order conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS" and the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCING--Source and Use of Funds;"

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, after due inquiry, threatened against the Issuer, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of assessments pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Order or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Order, this Bond Purchase Agreement, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Order or the execution and delivery of this Bond Purchase Agreement, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase Agreement;

(h) As of the date thereof, the Preliminary Official Statement did 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 the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless an event occurs of the nature described in paragraph (e) of Section 3 of this Bond Purchase Agreement) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," the Official Statement does not and 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 they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph 3(e) of Section 3 of this Bond Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," 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;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of Bonds as provided in and subject to all of the terms and provisions of the Bond Order and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose. All costs related to such actions by the Issuer shall be borne by the Underwriter;

(m) The financial statements of, and other financial information regarding the Issuer, in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition or operations of the Issuer;

(n) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Bond Purchase Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein; and

(p) The Issuer covenants that between the date hereof and the Closing it will take no actions which will cause the representations and warranties made in this Section to be untrue as of the Closing.

By delivering an executed copy of the Official Statement to the Underwriter, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

5. **Closing.** (a) At or before 10:00 a.m. Houston, Texas Time, on May 13, 2003, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Bond Purchase Agreement in immediately available funds by wire transfer to the account of the Issuer as indicated by JPMorgan Chase Bank (the "*Registrar*"). Payment for the Bonds as aforesaid shall be made at the offices of the Registrar or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the initial Bonds shall be made at the offices of Vinson & Elkins, L.L.P., Houston, Texas ("*Bond Counsel*"), or such other place, as shall have been mutually agreed upon by the Issuer and the Underwriter. The initial Bonds shall be approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas. Upon the surrender of the initial Bonds for exchange, definitive Bonds shall be issued and delivered as directed by the Underwriter; shall be registered in the names as shall be requested by the Underwriter at least three business days prior to Closing; and shall be made available to the Underwriter at least one business day before the Closing for purpose of inspection.

6. **Closing Conditions.** The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and shall also be subject to the following additional conditions including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter and counsel to the Underwriter:

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

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Bond Order and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except as may have been agreed to by the Underwriter; (ii) the net proceeds of the sale

of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Bond Order and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel to deliver its opinions referred to hereafter;

(d) At or prior to the Closing, the Bond Order shall have been duly executed and delivered by the Issuer, and the Issuer shall have duly executed and delivered and the Registrar shall have duly authenticated the Bonds;

(e) The Issuer shall have agreed in the Bond Order to provide certain periodic information and notices of material events in accordance with Rule 15c2-12 as described in the Preliminary Official Statement and the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Underwriter's obligation to accept and pay for the Bonds is conditioned upon delivery to the Underwriter of a certified copy of the Bond Order containing the agreement described under such heading;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

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

(h) All instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Bond Purchase Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter and to counsel for the Underwriter;

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

(1) The Official Statement, and each supplement or amendment thereto as may have been agreed to by the Underwriter, if any, executed on behalf of the Issuer by the manual or facsimile signature of the County Judge of Williamson County, Texas;

(2) The Bond Order, having been duly adopted by the Issuer as being in full force and effect, with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form attached to the Official Statement as Appendix E;

(4) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriter, substantially to the effect that:

(i) the Bond Order has been duly adopted and is in full force and effect;

(ii) the Bonds are exempt securities that do not require registration under the Securities Act of 1933, as amended (the "1933 Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the 1933 Act or to qualify the Bond Order under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"); and

(iii) the statements and information contained in the Official Statement under the headings "THE BONDS," "DECLARATORY JUDGMENT PROCEEDINGS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except the subcaption "Compliance with Prior Undertakings") and "LEGAL MATTERS" fairly and accurately summarize the matters purported to be summarized therein, including the Bond Order and the Bonds, and are correct as to matters of law;

(5) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Bonds are exempt securities that do not require registration under the 1933 Act, and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the 1933 Act or to qualify the Bond Order under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement, in each case as to which no view need be expressed);

(6) A certificate, dated the date of Closing, signed by the County Judge of Williamson County, Texas on behalf of the Issuer, to the effect that (i) all official action of the Issuer relating to this Bond Purchase Agreement, the Bonds and the Bond Order are in full force and effect and have not been amended, modified, supplemented or repealed, except as contemplated hereby or as may have been agreed to by the Underwriter; (ii) the representations and warranties of the Issuer 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; (iii) no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the directors or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds, the Bond Order or this Bond Purchase Agreement or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting special assessments, including payments on the Bonds, pursuant to the Bond Order or the pledge thereof to pay the principal of and interest on the Bonds; (iv) any resolutions or orders of the Issuer authorizing the execution, delivery and/or performance of the Bond Order, the Official Statement, the Bonds and this Bond Purchase Agreement have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed, and (v) to the best of its knowledge, no event affecting the Issuer 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, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does 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 made therein, in the light of the circumstances under which they were made, not misleading;

(7) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that 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 (the "*Code*"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(8) Any certificates from professional consultants, advisors or parties relied upon by the Issuer for the purpose of making any representation, warranty or covenant required of the Issuer by this Bond Purchase Agreement, which certificates shall authorize reliance thereon by the Underwriter;

(9) Any other certificates and opinions required by the Bond Order for the issuance thereunder of the Bonds;

(10) The approving opinion of the Attorney General of the State of Texas in respect of the Bonds;

(11) The registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds;

(12) Evidence of a favorable decision from the district court in Williamson County, Texas, regarding the declaratory judgment action filed by the District in March 2003 with respect to the legality and validity of the Bonds; and

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

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder.

7. **Termination.** The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Bond Purchase Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter (as evidenced by a written notice to the Issuer terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, 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, or any other action or events shall have occurred which, in the judgment of the Underwriter, materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Order is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the levy of special assessments to pay principal of and interest on the Bonds;

(f) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) there shall have occurred since the date of this Bond Purchase Agreement any materially adverse change in the affairs or financial condition of the Issuer;

(h) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would materially or adversely affect the ability of the Underwriter to market the Bonds;

(i) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement and the Issuer does not agree to so amend or supplement the Official Statement;

(j) there shall have occurred any downgrading, or any notice shall have been given of (A) any intended or potential downgrading or (B) any review or possible change that does not indicate the direction of a possible change, in the rating accorded any of the Issuer's obligations (including the rating to be accorded the Bonds) by any "nationally recognized statistical rating organization", as such term is defined for purposes of Rule 436(g)(2) under the 1933 Act; and

(k) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. **Expenses.** (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, (ii) the fees and disbursements of the Issuer's Financial Advisor and Bond Counsel (but not the fees of counsel to the Underwriter, which fees shall be paid by the Underwriter as provided in (b) below); (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (v) the fees and expenses of the Registrar and any other paying agents for the refunded bonds; (vi) advertising expenses (except any advertising expenses of the Underwriter as set forth below); (vii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officials of the Issuer; and (viii) any other expenses mutually agreed to by the Issuer and the Underwriter to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the fees and disbursements of counsel to the Underwriter; and (iii) all other expenses incurred by it in connection with the public offering of the Bonds.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing to Southwest Williamson County Road District No. 1, c/o Sheets & Crossfield, P.C., 309 E. Main, Round Rock, Texas 78664, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to the GMS Group, L.L.C., Galleria Financial Center, 5075 Westheimer, Suite 1175, Houston, Texas 77056-5606 Attention: Paul Steets.

10. **Parties in Interest.** This Bond Purchase Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Bond Purchase Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the

Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

11. **Effectiveness.** This Bond Purchase Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Bond Purchase Agreement shall be governed by and construed in accordance with the law of the State of Texas.

13. **Severability.** If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Bond Purchase Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. **Section Headings.** Section headings have been inserted in this Bond Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

16. **Counterparts.** This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[SIGNATURE PAGE FOLLOWS]

If you agree with the foregoing, please sign the enclosed counterpart of this Bond Purchase Agreement and return it to the Underwriter. This Bond Purchase Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

THE GMS GROUP, L.L.C.

By: Paul A. Steets
Name: PAUL A. STEETS
Title: SR. VICE PRESIDENT

APPROVED AND ACCEPTED as of the date hereof by the undersigned, a duly authorized official and representative of the Issuer:

SOUTHWEST WILLIAMSON COUNTY ROAD
DISTRICT NO. 1

By: John C. Doerfler
Name: John Doerfler
Title: County Judge, Williamson County

ATTEST:

By: Nancy E. Rister
Name: Nancy Rister
Title: County Clerk, Williamson County

Schedule I - Schedule of Terms

SCHEDULE I**\$4,205,000****SOUTHWEST WILLIAMSON COUNTY ROAD DISTRICT NO. 1****(A political subdivision of the State of Texas
located within Williamson County, Texas)****Interest Accrues From: April 1, 2003****MATURITY SCHEDULE**

\$540,000 4.00% Serial Bond Due March 1, 2004, Yield 4.00%^{(a)(b)}
\$1,715,000 4.25% Term Bond Due March 1, 2007, Yield 4.50%^{(a)(b)(c)}
\$1,950,000 4.75% Term Bond Due March 1, 2010, Yield 5.00%^{(a)(b)(c)}

-
- (a) The Bonds may be redeemed by the District prior to maturity, in whole or in part, at the option of the District, on any business day, at a price of par plus accrued interest to the date of redemption. If less than all of the Bonds are redeemed at any time, the Trustee shall select the Bonds to be redeemed by lot or other customary random selection method.
- (b) The Bonds are also subject to mandatory nonscheduled redemption in order of maturity, in whole or in part prior to maturity, on any business day at a price of par plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund. The Trustee is required to make a mandatory redemption in order of maturity any time there is at least \$5,000 available in the Redemption Fund with which to redeem Bonds as a result of prepayment of special assessments, either by voluntary prepayment or upon acceleration and foreclosure, all as more fully provided in the Bond Order.
- (c) The Term Bonds scheduled to mature on March 1, 2007 and March 1, 2010 are subject to mandatory sinking fund redemption at the price of par plus accrued interest on the dates and in the principal amounts, as follows:

Redemption Date	Principal
<u>(March 1)</u>	<u>Amount</u>
2005	\$550,000
2006	570,000
2007*	595,000
2008	620,000
2009	650,000
2010*	680,000

* Stated Maturity

\$4,205,000
SOUTHWEST WILLIAMSON COUNTY ROAD DISTRICT NO. 1
(A political subdivision of the State of Texas
located within Williamson County, Texas)

SPECIAL ASSESSMENT REFUNDING BONDS
SERIES 2003

BOND PURCHASE AGREEMENT

April 8, 2003

Board of Directors
Southwest Williamson County Road District No. 1
c/o Sheets & Crossfield, P.C.
309 East Main
Round Rock, Texas 78664

Ladies and Gentlemen:

The undersigned, the GMS Group, L.L.C. (the "*Underwriter*"), offers to enter into the following agreement with Southwest Williamson County Road District No. 1 (the "*Issuer*") which, upon the Issuer's written acceptance of this offer, will be binding upon the Issuer and upon the Underwriter. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Houston, Texas Time, on April 8, 2003, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Bond Purchase Agreement shall have the same meanings set forth in the Bond Order (as defined herein) or in the Official Statement (as defined herein).

1. ***Purchase and Sale of the Bonds.*** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriter at Closing (as hereinafter defined), all, but not less than all, of the Issuer's \$4,205,000 Special Assessment Refunding Bonds, Series 2003 (the "*Bonds*"). Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer understands, and hereby confirms, that the Underwriter is not acting as a fiduciary of the Issuer, but rather is acting solely in its individual capacity as an Underwriter for its own account.

The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule I hereto. The Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of an order adopted by the Commissioners Court of Williamson County, Texas (the "*Commissioners*").

Court”), acting as the governing body of the Issuer on March 4, 2003, as supplemented by an order adopted by the Commissioners Court on April 8, 2003 (the “Bond Order”).

The purchase price for the Bonds shall be \$4,014,941.50 (representing the par amount of the Bonds, less an original issue discount of \$42,883.50 and less an underwriting discount of \$147,175.00), plus interest accrued calculated on the basis of a 360-day year of twelve 30-day months, from the dated date of the Bonds to the Closing (as hereinafter defined).

In the connection with the execution and delivery of this Bond Purchase Agreement by a duly authorized representative of the Issuer, the Underwriter will deliver to the Issuer a corporate check payable to the Issuer in the amount of \$55,000.00 as security for the performance by the Underwriter of its obligations to accept and pay for the Bonds at Closing (described below) in accordance with the provisions of this Bond Purchase Agreement. Such check shall be held by the Issuer uncashed until the Closing and at the Closing shall be returned to the Underwriter upon receipt by or on behalf of the Issuer of the purchase price for the Bonds. In the event a duly authorized representative of the Issuer does not execute and deliver this Bond Purchase Agreement on or before 10:00 p.m., Houston, Texas Time, on April 8, 2003, or upon the Issuer's failure to deliver the Bonds at the Closing, or if the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if such obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, such check shall be immediately returned to the Underwriter. In the event that the Underwriter fails (other than for a reason permitted under this Bond Purchase Agreement) to accept and pay for the Bonds at the Closing, such check shall be retained and may be cashed by the Issuer as and for full liquidated damages for such failure and for any and all defaults hereunder on the part of the Underwriter, and the cashing of such check and retention of such proceeds shall constitute a full release and discharge of all claims and rights hereunder against the Underwriter.

2. **Public Offering.** The Underwriter agrees to make a bona fide public offering of all of the Bonds at a price not to exceed the public offering price set forth on the cover of the Official Statement and may subsequently change such offering price without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering price stated on the cover of the Official Statement.

3. **The Official Statement.** (a) The Preliminary Official Statement of the Issuer, dated February 25, 2003, as supplemented, including the cover page and Appendices thereto, relating to the Bonds (collectively, the “*Preliminary Official Statement*”), as amended to conform to the terms of this Bond Purchase Agreement and with changes and amendments to the date hereof as have been mutually agreed to by the Issuer and the Underwriter, is referred to herein as the “*Official Statement*”.

(b) The Preliminary Official Statement has been prepared for use in connection with the public offering, sale and distribution of the Bonds by the Underwriter. The Issuer hereby represents and warrants that the Preliminary Official Statement delivered to the Underwriter immediately prior to or concurrently herewith is deemed final by the Issuer as of the date hereof, 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 Rule 15c2-12 under the Securities Exchange Act of 1934 ("*Rule 15c2-12*"). Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide to the Underwriter sufficient quantities of the Preliminary Official Statement as the Underwriter deems necessary to satisfy the obligations of the Underwriter under Rule 15c2-12 with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

(c) As soon as practicable after the date hereof, and in any event within seven business days after the acceptance of this Bond Purchase Agreement by the Issuer, the Issuer shall deliver or cause to be delivered to the Underwriter, without charge, in sufficient time to accompany any confirmation requesting payment from any customers of the Underwriter, a reasonable number of copies of the final Official Statement relating to the Bonds, which will be determined by an officer duly authorized by the Issuer to be a final Official Statement for purposes of Rule 15c2-12.

(d) The Issuer ratifies the use of the Preliminary Official Statement and authorizes the Official Statement to be used in connection with the offering of the Bonds, and ratifies and approves the prior distribution of the current drafts of each thereof by the Underwriter prior to the availability of the final version thereof.

(e) If, after the date of this Bond Purchase Agreement to and including the date the Underwriter is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in Rule 15c2-12) and (ii) the time when the Official Statement is available to any person from a nationally recognized municipal securities repository but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, 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 the light of the circumstances when the Official Statement is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriter (and for the purposes of this clause provide the Underwriter with such information as it may from time to time request), and if, in the opinion of the Underwriter, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will forthwith prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Underwriter), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not, in light of the circumstances when the Official Statement is delivered to a purchaser, be misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, 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.

(f) The Underwriter hereby agrees to timely file the Official Statement with a nationally recognized municipal securities information repository and notify the Issuer of the date of such filing. Unless otherwise notified in writing by the Underwriter, the Issuer can assume that the "end of the underwriting period" for purposes of Rule 15c2-12 shall be the date of the Closing.

4. ***Representations, Warranties, and Covenants of the Issuer.*** The Issuer hereby represents and warrants to and covenants with the Underwriter that:

(a) The Issuer is a limited purpose political subdivision of the State of Texas operating as a county road district pursuant to Chapter 1471, Texas Government Code, as amended, and Chapter 257, Texas Transportation Code, as amended and as such has full legal right, power and authority under Chapter 1207, Texas Government Code (the "Act"), and at the date of the Closing will have full legal right, power and authority under the Act and the Bond Order (i) to enter into, execute and deliver this Bond Purchase Agreement, the Bond Order, and all documents required hereunder and thereunder to be executed and delivered by the Issuer, (ii) to sell, issue and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Bond Order, and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance in all respects, with the terms of the Act and the Bond Order as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Bond Order, and the issuance and sale of the Bonds, (ii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Bonds, the Bond Order and this Bond Purchase Agreement, and (iii) the consummation by it of all other transactions contemplated by the Official Statement, the Bond Order, this Bond Purchase Agreement and any and all such other agreements and documents as may required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions contemplated herein and in the Official Statement;

(c) The Bond Order and this Bond Purchase Agreement constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Order and this Bond Purchase Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Order and enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Order will provide, for the benefit of the holders, from time to time, of the Bonds, the legally valid and binding pledge of and lien it purports to create as set forth in the Bond Order;

(d) The Issuer is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any such instrument; and the execution and delivery of the Bonds, this Bond Purchase Agreement and the adoption of the Bond Order and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other

instrument to which the Issuer is a party or to which the Issuer is otherwise subject or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Order;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under this Bond Purchase Agreement, the Bond Order and the Bonds have been duly obtained or will be obtained prior to Closing, except for such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds;

(f) The Bonds and the Bond Order conform to the descriptions thereof contained in the Official Statement under the caption "THE BONDS" and the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the caption "PLAN OF FINANCING--Source and Use of Funds;"

(g) There is no legislation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, after due inquiry, threatened against the Issuer, affecting the corporate existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of assessments pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Order or in any way contesting or affecting the validity or enforceability of the Bonds, the Bond Order, this Bond Purchase Agreement, or contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Order or the execution and delivery of this Bond Purchase Agreement, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds, the Bond Resolution or this Bond Purchase Agreement;

(h) As of the date thereof, the Preliminary Official Statement did 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 the light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless an event occurs of the nature described in paragraph (e) of Section 3 of this Bond Purchase Agreement) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," the Official Statement does not and 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 they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph 3(e) of Section 3 of this Bond Purchase Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including twenty-five (25) days subsequent to the "end of the underwriting period," 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;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of Bonds as provided in and subject to all of the terms and provisions of the Bond Order and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Underwriter immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose. All costs related to such actions by the Issuer shall be borne by the Underwriter;

(m) The financial statements of, and other financial information regarding the Issuer, in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. The Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition or operations of the Issuer;

(n) Prior to the Closing the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or incur any material liabilities, direct or contingent, payable from or secured by any of the revenues or assets which will secure the Bonds;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions contemplated by this Bond Purchase Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriter as to the statements made therein; and

(p) The Issuer covenants that between the date hereof and the Closing it will take no actions which will cause the representations and warranties made in this Section to be untrue as of the Closing.

By delivering an executed copy of the Official Statement to the Underwriter, the Issuer shall be deemed to have reaffirmed, with respect to the Official Statement, the representations, warranties and covenants set forth above with respect to the Preliminary Official Statement.

5. **Closing.** (a) At or before 10:00 a.m. Houston, Texas Time, on May 13, 2003, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriter (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the Bonds to the Underwriter duly executed and authenticated, together with the other documents hereinafter mentioned, and the Underwriter will, subject to the terms and conditions hereof, accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 of this Bond Purchase Agreement in immediately available funds by wire transfer to the account of the Issuer as indicated by JPMorgan Chase Bank (the "*Registrar*"). Payment for the Bonds as aforesaid shall be made at the offices of the Registrar or such other place as shall have been mutually agreed upon by the Issuer and the Underwriter.

(b) Delivery of the initial Bonds shall be made at the offices of Vinson & Elkins, L.L.P., Houston, Texas ("*Bond Counsel*"), or such other place, as shall have been mutually agreed upon by the Issuer and the Underwriter. The initial Bonds shall be approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas. Upon the surrender of the initial Bonds for exchange, definitive Bonds shall be issued and delivered as directed by the Underwriter; shall be registered in the names as shall be requested by the Underwriter at least three business days prior to Closing; and shall be made available to the Underwriter at least one business day before the Closing for purpose of inspection.

6. **Closing Conditions.** The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Bond Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and shall also be subject to the following additional conditions including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Underwriter and counsel to the Underwriter:

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

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Bond Order and the Bonds shall be in full force and effect in the form heretofore approved by the Underwriter and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except as may have been agreed to by the Underwriter; (ii) the net proceeds of the sale

of the Bonds and any funds to be provided by the Issuer shall be deposited and applied as described in the Official Statement and in the Bond Order and (iii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel to deliver its opinions referred to hereafter;

(d) At or prior to the Closing, the Bond Order shall have been duly executed and delivered by the Issuer, and the Issuer shall have duly executed and delivered and the Registrar shall have duly authenticated the Bonds;

(e) The Issuer shall have agreed in the Bond Order to provide certain periodic information and notices of material events in accordance with Rule 15c2-12 as described in the Preliminary Official Statement and the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Underwriter's obligation to accept and pay for the Bonds is conditioned upon delivery to the Underwriter of a certified copy of the Bond Order containing the agreement described under such heading;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the judgment of the Underwriter, is material and adverse and that makes it, in the judgment of the Underwriter, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

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

(h) All instruments and other documents to be executed, and all other legal matters in connection with the transactions contemplated by this Bond Purchase Agreement shall be reasonably satisfactory in legal form and effect to the Underwriter and to counsel for the Underwriter;

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

(1) The Official Statement, and each supplement or amendment thereto as may have been agreed to by the Underwriter, if any, executed on behalf of the Issuer by the manual or facsimile signature of the County Judge of Williamson County, Texas;

(2) The Bond Order, having been duly adopted by the Issuer as being in full force and effect, with such supplements or amendments as may have been agreed to by the Underwriter;

(3) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form attached to the Official Statement as Appendix E;

(4) A supplemental opinion of Bond Counsel addressed to the Issuer and the Underwriter, substantially to the effect that:

(i) the Bond Order has been duly adopted and is in full force and effect;

(ii) the Bonds are exempt securities that do not require registration under the Securities Act of 1933, as amended (the "1933 Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the 1933 Act or to qualify the Bond Order under the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"); and

(iii) the statements and information contained in the Official Statement under the headings "THE BONDS," "DECLARATORY JUDGMENT PROCEEDINGS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except the subcaption "Compliance with Prior Undertakings") and "LEGAL MATTERS" fairly and accurately summarize the matters purported to be summarized therein, including the Bond Order and the Bonds, and are correct as to matters of law;

(5) An opinion, dated the date of the Closing and addressed to the Underwriter, of counsel for the Underwriter, to the effect that:

(i) the Bonds are exempt securities that do not require registration under the 1933 Act, and it is not necessary, in connection with the offering and sale of the Bonds, to register any securities under the 1933 Act or to qualify the Bond Order under the Trust Indenture Act; and

(ii) based upon their participation in the preparation of the Official Statement as counsel for the Underwriter and their participation at conferences at which the Official Statement was discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement, in each case as to which no view need be expressed);

(6) A certificate, dated the date of Closing, signed by the County Judge of Williamson County, Texas on behalf of the Issuer, to the effect that (i) all official action of the Issuer relating to this Bond Purchase Agreement, the Bonds and the Bond Order are in full force and effect and have not been amended, modified, supplemented or repealed, except as contemplated hereby or as may have been agreed to by the Underwriter; (ii) the representations and warranties of the Issuer 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; (iii) no litigation or proceeding against it is pending or, to its knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the directors or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds, the Bond Order or this Bond Purchase Agreement or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting special assessments, including payments on the Bonds, pursuant to the Bond Order or the pledge thereof to pay the principal of and interest on the Bonds; (iv) any resolutions or orders of the Issuer authorizing the execution, delivery and/or performance of the Bond Order, the Official Statement, the Bonds and this Bond Purchase Agreement have been duly adopted by the Issuer, are in full force and effect and have not been modified, amended or repealed, and (v) to the best of its knowledge, no event affecting the Issuer 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, in light of the circumstances under which made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does 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 made therein, in the light of the circumstances under which they were made, not misleading;

(7) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriter (a) setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that 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 (the "*Code*"), and any applicable regulations (whether final, temporary or proposed), issued pursuant to the Code, and (b) certifying that to the best of the knowledge and belief of the Issuer there are no other facts, estimates or circumstances that would materially change the conclusions, representations and expectations contained in such certificate;

(8) Any certificates from professional consultants, advisors or parties relied upon by the Issuer for the purpose of making any representation, warranty or covenant required of the Issuer by this Bond Purchase Agreement, which certificates shall authorize reliance thereon by the Underwriter;

(9) Any other certificates and opinions required by the Bond Order for the issuance thereunder of the Bonds;

(10) The approving opinion of the Attorney General of the State of Texas in respect of the Bonds;

(11) The registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Bonds;

(12) Evidence of a favorable decision from the district court in Williamson County, Texas, regarding the declaratory judgment action filed by the District in March 2003 with respect to the legality and validity of the Bonds; and

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

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Bond Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder.

7. **Termination.** The Underwriter shall have the right to cancel its obligation to purchase the Bonds if, between the date of this Bond Purchase Agreement and the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Underwriter (as evidenced by a written notice to the Issuer terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds), by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds of the interest on the Bonds as described in the Official Statement, 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, or any other action or events shall have occurred which, in the judgment of the Underwriter, materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Order is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or the American Stock Exchange, the establishment of minimum prices on either such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income securities (or interest thereon), or the validity or enforceability of the levy of special assessments to pay principal of and interest on the Bonds;

(f) any event occurring, or information becoming known which, in the judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(g) there shall have occurred since the date of this Bond Purchase Agreement any materially adverse change in the affairs or financial condition of the Issuer;

(h) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of such outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would materially or adversely affect the ability of the Underwriter to market the Bonds;

(i) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement and the Issuer does not agree to so amend or supplement the Official Statement;

(j) there shall have occurred any downgrading, or any notice shall have been given of (A) any intended or potential downgrading or (B) any review or possible change that does not indicate the direction of a possible change, in the rating accorded any of the Issuer's obligations (including the rating to be accorded the Bonds) by any "nationally recognized statistical rating organization", as such term is defined for purposes of Rule 436(g)(2) under the 1933 Act; and

(k) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

8. **Expenses.** (a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Bonds, (ii) the fees and disbursements of the Issuer's Financial Advisor and Bond Counsel (but not the fees of counsel to the Underwriter, which fees shall be paid by the Underwriter as provided in (b) below); (iii) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (iv) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (v) the fees and expenses of the Registrar and any other paying agents for the refunded bonds; (vi) advertising expenses (except any advertising expenses of the Underwriter as set forth below); (vii) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officials of the Issuer; and (viii) any other expenses mutually agreed to by the Issuer and the Underwriter to be reasonably considered expenses of the Issuer which are incident to the transactions contemplated hereby.

(b) The Underwriter shall pay (i) all advertising expenses in connection with the public offering of the Bonds; (ii) the fees and disbursements of counsel to the Underwriter; and (iii) all other expenses incurred by it in connection with the public offering of the Bonds.

9. **Notices.** Any notice or other communication to be given to the Issuer under this Bond Purchase Agreement may be given by delivering the same in writing to Southwest Williamson County Road District No. 1, c/o Sheets & Crossfield, P.C., 309 E. Main, Round Rock, Texas 78664, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to the GMS Group, L.L.C., Galleria Financial Center, 5075 Westheimer, Suite 1175, Houston, Texas 77056-5606 Attention: Paul Steets.

10. **Parties in Interest.** This Bond Purchase Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Bond Purchase Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the

Bonds pursuant to this Bond Purchase Agreement; and (iii) any termination of this Bond Purchase Agreement.

11. **Effectiveness.** This Bond Purchase Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Bond Purchase Agreement shall be governed by and construed in accordance with the law of the State of Texas.

13. **Severability.** If any provision of this Bond Purchase Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Bond Purchase Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. **Section Headings.** Section headings have been inserted in this Bond Purchase Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Bond Purchase Agreement and will not be used in the interpretation of any provisions of this Bond Purchase Agreement.

16. **Counterparts.** This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

[SIGNATURE PAGE FOLLOWS]

If you agree with the foregoing, please sign the enclosed counterpart of this Bond Purchase Agreement and return it to the Underwriter. This Bond Purchase Agreement shall become a binding agreement between you and the Underwriter when at least the counterpart of this letter shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

THE GMS GROUP, L.L.C.

By: Paul A. Steets
Name: PAUL A. STEETS
Title: S.R. VICE PRESIDENT

APPROVED AND ACCEPTED as of the date hereof by the undersigned, a duly authorized official and representative of the Issuer:

SOUTHWEST WILLIAMSON COUNTY ROAD
DISTRICT NO. 1

By: John C. Doerfler
Name: John Doerfler
Title: County Judge, Williamson County

ATTEST:

By: Nancy E. Rister
Name: Nancy Rister
Title: County Clerk, Williamson County

Schedule I - Schedule of Terms

SCHEDULE I**\$4,205,000****SOUTHWEST WILLIAMSON COUNTY ROAD DISTRICT NO. 1****(A political subdivision of the State of Texas
located within Williamson County, Texas)**

Interest Accrues From: April 1, 2003

MATURITY SCHEDULE

\$540,000 4.00% Serial Bond Due March 1, 2004, Yield 4.00%^{(a)(b)}
 \$1,715,000 4.25% Term Bond Due March 1, 2007, Yield 4.50%^{(a)(b)(c)}
 \$1,950,000 4.75% Term Bond Due March 1, 2010, Yield 5.00%^{(a)(b)(c)}

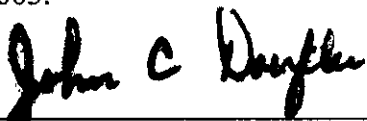
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- (a) The Bonds may be redeemed by the District prior to maturity, in whole or in part, at the option of the District, on any business day, at a price of par plus accrued interest to the date of redemption. If less than all of the Bonds are redeemed at any time, the Trustee shall select the Bonds to be redeemed by lot or other customary random selection method.
- (b) The Bonds are also subject to mandatory nonscheduled redemption in order of maturity, in whole or in part prior to maturity, on any business day at a price of par plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund. The Trustee is required to make a mandatory redemption in order of maturity any time there is at least \$5,000 available in the Redemption Fund with which to redeem Bonds as a result of prepayment of special assessments, either by voluntary prepayment or upon acceleration and foreclosure, all as more fully provided in the Bond Order.
- (c) The Term Bonds scheduled to mature on March 1, 2007 and March 1, 2010 are subject to mandatory sinking fund redemption at the price of par plus accrued interest on the dates and in the principal amounts, as follows:

Redemption Date <u>(March 1)</u>	Principal <u>Amount</u>
2005	\$550,000
2006	570,000
2007*	595,000
2008	620,000
2009	650,000
2010*	680,000

* Stated Maturity

THE ROAD DISTRICT MEETING ADJOURNED AT 11:40 A.M. ON TUESDAY, APRIL 8, 2003.

THE FOREGOING MINUTES recorded on Minutes Pages 1 through 283 inclusive, had at a Special Session of Commissioners' Court of Williamson County, Texas, having been read are hereby approved this 15th day of April, 2003.



John C. Doerfler, County Judge

ATTEST: Nancy E. Rister, Clerk County Court & Ex-officio Clerk,
Commissioners' Court, Williamson County, Texas

By: 

Deputy Clerk