OFFICIAL STATEMENT DATED MAY 9, 2019

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds have been designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

S&P (AGM Insured)	"AA"
Moody's (AGM Insured)	"A2"
Moody's (Underlying)	"Baa2"

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16

(A Political Subdivision of the State of Texas Located within Travis County)

$1,865,000
Unlimited Tax Bonds
Series 2019

$2,220,000
Unlimited Tax Park Bonds
Series 2019

Dated: June 1, 2019

Due: September 1, as shown on inside cover hereof

The $1,865,000 Unlimited Tax Bonds, Series 2019 (the "Utility Bonds"), and the $2,220,000 Unlimited Tax Park Bonds, Series 2019 (the "Park Bonds"), are obligations solely of the Travis County Municipal Utility District No. 16 (the "District") and are not obligations of the State of Texas; Travis County, Texas; or any entity other than the District. The Utility Bonds and the Park Bonds are hereinafter referred to collectively as the "Bonds." Neither the full faith and credit nor the taxing power of the State of Texas; Travis County, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds will accrue from June 1, 2019, and is payable on March 1, 2020, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the paying agent/registrar, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying agent/Registrar"), to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date").

The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds.

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on inside cover.

The Utility Bonds constitute the seventh series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system to serve the District, and the Park Bonds represent the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing parks and recreational facilities serving the District. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

The Bonds are subject to special investment considerations described herein. Bond purchasers are encouraged to read this entire Official Statement, including particularly the section titled "INVESTMENT CONSIDERATIONS," prior to making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidder for each series of the Bonds (collectively, the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Austin, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about June 13, 2019.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$1,865,000 Unlimited Tax Bonds, Series 2019

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2037 (c)	$155,000	3.000%	3.000%	89439P FR4
2038 (c)	315,000	3.000%	3.050%	89439P FS2
2039 (c)	330,000	3.125%	3.125%	89439P FT0
2040 (c)	345,000	3.125%	3.170%	89439P FU7
2041 (c)	355,000	3.125%	3.190%	89439P FV5
2042 (c)	365,000	3.250%	3.250%	89439P FW3

$2,220,000 Unlimited Tax Park Bonds, Series 2019

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2041 (c)	$1,090,000	3.250%	3.200%	89439P FX1
2042 (c)	1,130,000	3.125%	3.220%	89439P FY9

(a) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first call date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser. The yields may be changed at any time at the discretion of the Initial Purchaser. Accrued interest from June 1, 2019, to the date of delivery of the Bonds is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) The Bonds are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions."

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Initial Purchaser.

This Official Statement does not alone constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, Texas 78701 for further information.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District, and to the extent that information actually comes to its attention, other matters described in the Official Statement until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "CONTINUING DISCLOSURE OF INFORMATION," and "OFFICIAL STATEMENT – Updating of Official Statement."

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX C – Specimen Municipal Bond Insurance Policy."

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Utility Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by Raymond James & Associates, Inc. (the "Utility Bonds Initial Purchaser") to purchase the Utility Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.130273% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.259922%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Park Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the"Park Bonds Initial Purchaser") to purchase the Park Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.182895% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.308781%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Throughout this Official Statement, the term "Initial Purchaser" refers to the Utility Bonds Initial Purchaser in its capacity as purchaser of the Utility Bonds as well as the Park Bonds Initial Purchaser as purchaser of the Park Bonds.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the sole responsibility of the Initial Purchaser.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over the reoffering yield or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy attached as “APPENDIX C” to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 21, 2018, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). AGM can give no assurance as to any further ratings action that Moody’s may take.

For more information regarding AGM’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of AGM

At March 31, 2019:

- The policyholders' surplus of AGM was approximately $2,523 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,054 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,848 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "MUNICIPAL BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under this heading "MUNICIPAL BOND INSURANCE."

RATINGS

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Bonds are expected to receive an insured rating of "A2" from Moody's solely in reliance upon the issuance of the municipal bond insurance policy by AGM at the time of delivery of the Bonds. Moody's has also assigned an underlying credit rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any rating assigned to the Bonds other than the insured rating of S&P, the insured rating of Moody's, or the underlying rating of Moody's.

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OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The Issuer	Travis County Municipal Utility District No. 16 (the "District"), a political subdivision of the State of Texas, is located in Travis County, Texas. See "THE DISTRICT."
The Issue	The District's $1,865,000 Unlimited Tax Bonds, Series 2019 (the "Utility Bonds"), are dated June 1, 2019, and mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. The District's $2,220,000 Unlimited Tax Park Bonds, Series 2019 (the "Park Bonds"), also are dated June 1, 2019, and mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. The Utility Bonds and the Park Bonds are hereinafter referred to collectively as the "Bonds." Interest on the Bonds accrues from June 1, 2019, at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2020, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption	The Bonds are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2024, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions."
Source of Payment	Principal and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Travis County, Texas; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Authority for Issuance	The Utility Bonds are the seventh series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system to serve the District (the "System"), and the Park Bonds are the first series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing parks and recreational facilities in the District. Voters in the District have authorized a total of $52,460,000 principal amount of unlimited tax bonds for the System and for the refunding bonds issued for the System. Voters in the District also previously have authorized a total of $6,225,000 principal amount of bonds for parks and recreational facilities and for refunding such bonds. Following the issuance of the Bonds, $26,105,000 principal amount of unlimited tax bonds for the System, and for the refunding of such bonds, and $4,005,000 principal amount of unlimited tax bonds for parks and recreational

facilities, and for the refunding of such bonds, will remain authorized and unissued.

The Utility Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); Chapters 49 and 54 of the Texas Water Code; a resolution adopted by the Board of Directors of the District on the date of sale of the Utility Bonds; an election held on May 10, 2008; and Article XVI, Section 59 of the Texas Constitution. The Park Bonds are issued pursuant to an order of the TCEQ; Chapters 49 and 54 of the Texas Water Code; a resolution adopted by the Board of Directors of the District on the date of sale of the Park Bonds; an election held on May 10, 2008; and Article XVI, Section 59 of the Texas Constitution. See "THE BONDS – Authority for Issuance."

Outstanding Bonds .... The District has previously issued six series of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system to serve the District. Of such six series of bonds previously issued by the District, $22,365,000 principal amount remains outstanding as of April 1, 2019 (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."

Short Term Debt .... In connection with the Utility Bonds, the District has issued its $1,015,000 Bond Anticipation Note, Series 2018 (the "Utility BAN") dated July 19, 2018. Proceeds from sale of the Utility BAN were used to reimburse the Developer (herein defined) for a portion of the construction costs shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF UTILITY BONDS." The Utility BAN accrues interest at a rate of 2.45% per year (calculated on the basis of a 365-day year and actual days elapsed) and matures on July 18, 2019. Proceeds from the sale of the Utility Bonds will used to redeem the Utility BAN, as described below.

In connection with the Park Bonds, the District has issued its $1,900,000 Bond Anticipation Note, Series 2018 (the "Park BAN") dated September 20, 2018. Proceeds from sale of the Park BAN were used to reimburse the Developer for a portion of the construction costs shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF PARK BONDS." The Park BAN accrues interest at a rate of 2.56% per year (calculated on the basis of a 365-day year and actual days elapsed) and matures on September 19, 2019. Proceeds from the sale of the Park Bonds will used to redeem the Park BAN, as described below.

Use of Proceeds of Utility Bonds.................... The proceeds of the Utility Bonds will be used, in part, to redeem the Utility BAN the proceeds of which were used to reimburse the Developer for a portion of the costs associated with construction of the project shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF UTILITY BONDS." Proceeds from the Utility Bonds will also reimburse the Developer for the remaining portions of approved project costs partially reimbursed from the Utility BAN. Additionally, proceeds from the Utility Bonds will be used to pay developer interest, costs of issuance of the Utility BAN and Utility Bonds, and those other non-construction costs provided under "USE AND DISTRIBUTION OF PROCEEDS OF UTILITY BONDS."

Use of Proceeds of Park Bonds	The proceeds of the Park Bonds will be used, in part, to redeem the Park BAN, the proceeds of which were used to reimburse the Developer for the costs associated with construction of the project shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF PARK BONDS." Proceeds from sale of the Park Bonds will also be used to pay developer interest, costs of issuance of the Park BAN and Park Bonds, and those other non-construction costs provided under "USE AND DISTRIBUTION OF PROCEEDS OF PARK BONDS."
Municipal Bond Insurance	Assured Guaranty Municipal Corp. See "MUNICIPAL BOND INSURANCE" above.
Ratings	S&P (AGM Insured): "AA." Moody's (AGM Insured): "A2." Moody's (Underlying): "Baa2." See "RATINGS" above.
General & Bond Counsel	Allen Boone Humphries Robinson LLP, Austin, Texas.
Disclosure Counsel	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
Engineer	Jones & Carter, Inc., Austin, Texas.

THE DISTRICT

General	The District was created under Section 59, Article XVI of the Texas Constitution and by Order Granting Petition for Creation dated March 29, 2005, approved by TCEQ. The District comprises approximately 467.88 total acres. See "THE DISTRICT – General."
Location	The District is located entirely within Travis County, Texas, approximately 23 miles west of downtown Austin, Texas, and approximately 5.4 miles west of downtown Bee Cave, Texas. The District lies approximately 4.8 miles west of the intersection of TX-71 East and Hamilton Pool Road. See "THE DISTRICT – Location" and "APPENDIX B."
Developer and Principal Landowner	The developer within the District is RC Travis, LP, a Texas limited partnership ("RC Travis" or the "Developer"). RCT Project GP, LLC, a Texas limited liability company, is the sole general partner of RC Travis. The Developer is managed by Hillwood Residential Services L.P., a Perot Company, a Dallas company owned by H. Ross Perot, Jr., having over 25 years of experience developing land in Texas. Hillwood Investment Services, LLC, a Texas limited liability company, provides asset management services to RC Travis. Hillwood Residential Services L.P. and Hillwood Investment Services, LLC are affiliates of Hillwood Development Company, LLC, which is a national real estate development company with development expertise and experience that encompasses diverse product types, including arena high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses and major air facilities. See "THE DEVELOPER."
Development within the District	Approximately 152.41 acres (394 lots) within the District have been developed as the single-family residential subdivision of Rocky Creek Ranch, Phases 1, 2, 3, and 4. As of March 18, 2019, single-family residential development in the District included: approximately 383 completed homes (approximately 379

occupied, approximately 3 unoccupied, and 1 model home); approximately 4 homes under construction; and approximately 7 vacant developed lots. The District also includes a 9,400-square-foot amenity center as well as 5 miles of hike and bike trails. In addition, the District contains approximately 315.47 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."

Homebuilders .... Homebuilders active in the District include Highland Homes, Drees Custom Homes and Taylor Morrison. The homes being marketed in the District range in price from $430,000 to $770,000.

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS," BEFORE MAKING AN INVESTMENT DECISION.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2018 Taxable Assessed Valuation	$ 209,538,687	(a)
2019 Preliminary Valuation	$ 225,823,725	(b)
Estimated Valuation as of March 15, 2019	$ 225,299,918	(c)
Direct Debt:		
The Outstanding Bonds	$ 22,365,000	
The Utility Bonds	$ 1,865,000	
The Park Bonds	$ 2,220,000	
Total	$ 26,450,000	
Estimated Overlapping Debt	$ 7,980,960	(d)
Total Direct and Estimated Overlapping Debt	$ 34,430,960	(d)
Direct Debt Ratios:		
As a percentage of 2018 Taxable Assessed Valuation	12.62	%
As a percentage of Estimated Taxable Valuation as of March 15, 2019	11.74	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2018 Taxable Assessed Valuation	16.43	%
As a percentage of Estimated Taxable Valuation as of March 15, 2019	15.28	%
Debt Service Fund Balance (as of March 14, 2019)	$1,690,292	(e)
Construction Fund Balance (as of March 14, 2019)	$17,148	
Operating Fund Balance (as of March 14, 2019)	$1,191,871	
2018 Tax Rate		
Debt Service	$0.75	
Maintenance & Operation	$0.20	
Total	$0.95	

(a) Represents the taxable assessed value of all taxable property within the District as of January 1, 2018, provided by the Travis Central Appraisal District ("TCAD"). See "TAX DATA" and "TAXING PROCEDURES."

(b) Represents the preliminary determination of the taxable value in the District as of January 1, 2019, provided by TCAD. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on the preliminary value. The value will be certified by TCAD and taxes will be levied on the certified value. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by TCAD for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of March 15, 2019, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2018, through March 15, 2019. No taxes will be levied against this amount. See "TAX DATA," "TAXING PROCEDURES," and "DEVELOPMENT WITHIN THE DISTRICT."

(d) See "DISTRICT FINANCIAL DATA – Estimated Direct and Overlapping Debt Statement."

(e) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund.

SELECTED FINANCIAL INFORMATION

(CONTINUED)

Average Annual Debt Service Requirement (2020–2042)	$	1,639,049	(a)
Maximum Annual Debt Service Requirement (2036)	$	1,705,338	(a)
Tax Rate per $100 of Taxable Value Required to Pay Average Annual Debt Service Requirement (2020–2042) at 95% Tax Collections			
Based on 2018 Taxable Assessed Valuation		$0.83	
Based on Estimated Taxable Valuation as of March 15, 2019		$0.77	
Tax Rate per $100 of Taxable Value Required to Pay Maximum Annual Debt Service Requirement (2036) at 95% Tax Collections			
Based on 2018 Taxable Assessed Valuation		$0.86	
Based on Estimated Taxable Valuation as of March 15, 2019		$0.80	

(a) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DEBT SERVICE REQUIREMENTS."

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Travis County Municipal Utility District No. 16 (the "District") of its $1,865,000 Unlimited Tax Bonds, Series 2019 (the "Utility Bonds"), and its $2,220,000 Unlimited Tax Park Bonds, Series 2019 (the "Park Bonds"). The Utility Bonds and the Park Bonds are referred to collectively herein as the "Bonds."

The Utility Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, a resolution (the "Utility Bond Resolution") adopted by the Board of Directors of the District ("Board") on the date of the sale of the Utility Bonds, an election held in the District, and an approving order of the Texas Commission on Environmental Quality (the "TCEQ").

The Park Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, a resolution (the "Park Bond Resolution") adopted by the Board on the date of the sale of the Park Bonds, an election held in the District, and an approving order of the TCEQ.

The Utility Bond Resolution and the Park Bond Resolution are collectively referred to hereinafter as the "Bond Resolution," and, unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolution.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, Texas 78701 or during the offering period from the District's Financial Advisor, Robert W. Baird & Co., Incorporated, Attn: Jan Bartholomew, 1331 Lamar Street, Suite 1360, Houston, Texas 77010 upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General

The Bonds will bear interest from June 1, 2019, and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on March 1, 2020, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar (herein defined) to Registered Owners (herein defined) as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner. The Bonds will be issued in fully registered form only, without coupons, in the denomination of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner ("Registered Owner") and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar").

Redemption Provisions

The Bonds are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2024, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption.

The Paying Agent/Registrar shall give written notice of redemption, by registered mail not less than thirty (30) days prior to the redemption date, to the Registered Owner of each bond but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed, the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (hereinafter defined) should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See “BOOK-ENTRY-ONLY SYSTEM” herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Outstanding Bonds

The District has previously issued six series of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, wastewater, and storm drainage system to serve the District. Of such six series of bonds previously issued by the District, $22,365,000 principal amount remains outstanding as of April 1, 2019 (the “Outstanding Bonds”).

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Replacement of Paying Agent/Registrar

The Board has selected Regions Bank, an Alabama banking corporation, Houston, Texas, as the initial Paying Agent/Registrar. The initial designated payment office for the Bonds is located in Houston, Texas.

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar by the District. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as paying agent for the Bonds.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any parity bonds hereinafter issued. The Bonds are obligations of the District and are not the obligations of the State of Texas; Travis County, Texas; or any other political subdivision or any entity other than the District.

Payment Record

The District has never defaulted on the timely payment of principal or interest on its prior bonded indebtedness.

Authority for Issuance

The Utility Bonds constitute the seventh series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District, and the Park Bonds represent the first series of bonds to be issued by the District for the purposes of acquiring or constructing parks and recreational facilities in the District. Voters in the District have authorized a total of $52,460,000 principal amount of bonds for the System (and for refunding such bonds). Voters in the District have also authorized the District's issuance of a total of $6,225,000 principal amount of unlimited tax bonds for parks and recreational facilities (and for the refunding such bonds). Following the issuance of the Bonds, $26,105,000 principal amount of unlimited tax bonds for the System (and for refunding such bonds) and $4,005,000 for parks and recreational facilities (and for refunding such bonds) will remain authorized and unissued.

The Utility Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, the Utility Bond Resolution, an election held in the District on May 10, 2008, and an approving order of the TCEQ.

The Park Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, the Park Bond Resolution, an election held in the District on May 10, 2008, and an approving order of the TCEQ.

Issuance of Additional Debt

The District may issue additional bonds. The District's voters have authorized a total of $52,460,000 principal amount of unlimited tax bonds for the System (and for refunding such bonds) and $6,225,000 principal amount of unlimited tax bonds for parks and recreational facilities (and for refunding such bonds). The Utility Bonds are the seventh series of unlimited tax bonds issued by the District for the System. Following the issuance of the Utility Bonds, $26,105,000 principal amount of unlimited tax bonds for the System (and for refunding such bonds) will remain authorized and unissued. The Park Bonds represent the first series of bonds to be issued by the District for the purpose of acquiring or constructing parks and recreational facilities in the District. After issuance of the Park Bonds, $4,005,000 principal amount of unlimited tax bonds for parks and recreational facilities (and for refunding such bonds) will remain authorized and unissued.

Following the issuance of the Bonds, the District will owe the Developer approximately $250,000 in reimbursable expenditures advanced to construct parks and recreational facilities within the District, the funds for which were advanced by the Developer.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, Jones & Carter, Inc. (the "Engineer"), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing utility facilities, and to finance the extension of water, wastewater and storm drainage facilities and services to serve the remaining undeveloped land within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS – Future Debt."

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. See "INVESTMENT CONSIDERATIONS – Limitation to Registered Owners' Remedies."

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186, Texas Water Code and Chapter 1204, Texas Government Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds also are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose other, more stringent, requirements in order for the Bonds to be legal investments for such entity's funds or to be eligible to serve as collateral for their funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, (b) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Short Term Debt

In connection with the Utility Bonds, the District has issued its $1,015,000 Bond Anticipation Note, Series 2018 (the "Utility BAN"), dated July 19, 2018. Proceeds from sale of the Utility BAN were used to reimburse the Developer for a portion of the construction costs shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF UTILITY BONDS." The Utility BAN accrues interest at a rate of 2.45% per year (calculated on the basis of a 365-day year and actual days elapsed) and matures on July 18, 2019. Proceeds from the sale of the Utility Bonds will used to redeem the Utility BAN prior to its scheduled maturity.

In connection with the Park Bonds, the District has issued its $1,900,000 Bond Anticipation Note, Series 2018 (the "Park BAN"), dated September 20, 2018. Proceeds from sale of the Park BAN were used to reimburse the Developer for the construction costs shown herein under "USE AND DISTRIBUTION OF PROCEEDS OF PARK BONDS." The Park BAN accrues interest at a rate of 2.56% per year (calculated on the basis of a 365-day year and actual days elapsed) and matures on September 19, 2019. Proceeds from the sale of the Park Bonds will used to redeem the Park BAN.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts.

This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from District or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Resolution will be given only to DTC.

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USE AND DISTRIBUTION OF PROCEEDS OF UTILITY BONDS

The proceeds of the Utility Bonds will be used, in part, to redeem the Utility BAN, the proceeds of which were used to reimburse the Developer for a portion of the construction costs, engineering fees, and testing costs associated with the project set out below. Proceeds from the Utility Bonds will also reimburse the Developer for the remaining portions of approved project costs partially reimbursed from the Utility BAN. Additionally, proceeds from the Utility Bonds will be used to pay developer interest, costs of issuance of the Utility BAN and Utility Bonds, and those other non-construction costs provided below.

Construction Costs	
A. Developer Contribution Items	Amount
1. Rocky Creek Ranch Section 4 – W, WW, & D	$ 1,243,830
2. Engineering and Testing	164,648
Total Developer Contribution Items	$ 1,408,478
B. District Items	
None	
Total Construction Costs	$ 1,408,478
Non Construction Costs	
A. Legal Fees	
Bond Issue	$ 55,950
BAN Issue	10,150
B. Fiscal Agent Fees	
Bond Issue	37,300
BAN Issue	10,150
C. Interest	
1. Developer Interest	163,207
2. BAN Interest	22,415
D. Bond Discount	53,520
E. Bond Application Report Costs	40,000
F. Issuance Expenses	
1. Bond Issuance Expenses	38,072
2. Bond Anticipation Note Issuance Expenses	8,766
G. Attorney General Fee (0.10% or $9,500 max.)	1,865
H. TCEQ Bond Issuance Fee (0.25%)	4,662
I. Contingency (a)	10,465
Total Non-Construction Costs	$ 456,522
Total Bond Issue Requirement	$ 1,865,000

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ, where required. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes

(a) Represents surplus equal to the difference between estimated and actual amounts for discount on the Utility Bonds and interest on the Utility BAN.

USE AND DISTRIBUTION OF PROCEEDS OF PARK BONDS

The proceeds of the Park Bonds will be used, in part, to redeem the Park BAN, the proceeds of which were used to reimburse the Developer for the costs associated with the construction items set out below. Proceeds from the Park Bonds will also be used to pay developer interest, costs of issuance of the Park BAN and Park Bonds, and those other non-construction costs provided below.

	Amount
Construction Costs	
A. Developer Contribution Items	
None	
B. District Items	
1. Land Costs	$ 1,849,266
2. Park Plan	1,398
Total Construction Costs	$ 1,850,664
Non Construction Costs	
A. Legal Fees	$ 85,600
B. Fiscal Agent Fees	63,400
C. Interest	
1. Developer Interest	315
2. BAN Interest	35,447
D. Bond Discount	62,540
E. Bond Application Report Costs	40,000
F. Issuance Expenses	
1. Bond Issuance Expenses	37,315
2. Bond Anticipation Note Issuance Expenses	11,336
G. Attorney General Fee (0.10% or $9,500 max.)	2,220
H. TCEQ Bond Issuance Fee (0.25%)	5,550
I. Contingency (a)	25,613
Total Non-Construction Costs	$ 369,336
Total Bond Issue Requirement	$ 2,220,000

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ, where required. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes

(a) Represents surplus equal to the difference between estimated and actual amounts for discount on the Park Bonds and interest on the Park BAN.

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(April 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(April 2019)

THE DISTRICT

General

The District is a political subdivision of the State of Texas, operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Location

The District encompasses approximately 467.88 acres and is located in Travis County, approximately 23 miles west of downtown Austin and approximately 5.4 miles west of downtown Bee Cave, Texas. The District lies approximately 4.8 miles west of the intersection of TX-71 East and Hamilton Pool Road. See “APPENDIX B – LOCATION MAP OF THE DISTRICT.”

Management of the District

- Board of Directors -

The District is governed by a Board, consisting of five directors, which has control over and management and supervision of all affairs of the District. Directors serve staggered, four-year terms, with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District.

Name	Position	Term Expires May
Brad Philp	President	2020
Mialinda Francis	Vice President	2022
Stephanie Nun	Secretary	2020
Patrick Allison, Jr.	Assistant Secretary	2020
Marcus Whitfield	Assistant Secretary	2022

- Consultants -

Tax Assessor/Collector: Land and improvements in the District are being appraised by the Travis Central Appraisal District (“TCAD”). The Tax Assessor/Collector for the District is the Travis County Tax Office.

Bookkeeper: The District contracts with Bott & Douthitt, PLLC as bookkeeper for the District.

Engineer: The District’s consulting engineer is Jones & Carter, Inc.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual audit is filed with the TCEQ. A copy of the District’s audit prepared by McCall Gibson Swedlund Barfoot PLLC for the fiscal year ended February 28, 2018, is included as “APPENDIX A” to this Official Statement.

Financial Advisor: Robert W. Baird & Co. Incorporated, serves as the District’s financial advisor (the “Financial Advisor”). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is employed by the District is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third-parties. See "OFFICIAL STATEMENT – Experts."

Bond & General Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Austin, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Austin, Texas, also serves as the District's general counsel.

Disclosure Counsel: The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, as Disclosure Counsel. The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of its property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Description of the Developer and Principal Landowner

The developer within the District is RC Travis, LP, a Texas limited partnership ("RC Travis" or the "Developer"). RCT Project GP, LLC, a Texas limited liability company, is the sole general partner of RC Travis. The Developer is managed by Hillwood Residential Services LP, a Perot Company, a Dallas company owned by H. Ross Perot, Jr., having over 25 years of experience developing land in Texas. Hillwood Investment Services, LLC, a Texas limited liability company, provides asset management services to RC Travis. Hillwood Residential Services LP and Hillwood Investment Services, LLC, are affiliates of Hillwood Development Company, LLC, which is a national real estate development company with development expertise and experience that encompasses diverse product types, including arenas, high-rise condominiums, offices, single-family residential communities, distribution centers, regional malls, mixed-use urban development, call centers, hotels, golf courses, airports, intermodal rail yards, corporate campuses and major air facilities.

DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

Approximately 152.41 acres (394 lots) within the District has been developed as the single-family residential subdivision of Rocky Creek Ranch, Phases 1, 2, 3, and 4. As of March 18, 2019, single-family family residential development in the District included: approximately 383 completed homes (approximately 379 occupied, approximately 3 unoccupied, and approximately 1 model home); approximately 4 homes under construction; and approximately 7 vacant developed lots. The District also includes a 9,400-square-foot amenity center. In addition, the District contains approximately 315.47 undevelopable acres.

DEBT SERVICE REQUIREMENTS

The following schedule sets forth the annual debt service requirements of the Outstanding Bonds as well as principal and interest requirements of the Bonds.

Calendar	Outstanding	Plus: The Utility Bonds			Plus: The Park Bonds			Total
Year	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Debt Service
2020	$1,532,996	–	$72,688	$72,688	–	$88,422	$88,422	$1,694,106
2021	1,536,954	–	58,150	58,150	–	70,738	70,738	1,665,841
2022	1,540,699	–	58,150	58,150	–	70,738	70,738	1,669,586
2023	1,537,811	–	58,150	58,150	–	70,738	70,738	1,666,699
2024	1,543,061	–	58,150	58,150	–	70,738	70,738	1,671,949
2025	1,541,861	–	58,150	58,150	–	70,738	70,738	1,670,749
2026	1,544,109	–	58,150	58,150	–	70,738	70,738	1,672,996
2027	1,544,506	–	58,150	58,150	–	70,738	70,738	1,673,394
2028	1,547,979	–	58,150	58,150	–	70,738	70,738	1,676,866
2029	1,544,519	–	58,150	58,150	–	70,738	70,738	1,673,406
2030	1,548,635	–	58,150	58,150	–	70,738	70,738	1,677,523
2031	1,545,013	–	58,150	58,150	–	70,738	70,738	1,673,900
2032	1,534,505	–	58,150	58,150	–	70,738	70,738	1,663,393
2033	1,552,550	–	58,150	58,150	–	70,738	70,738	1,681,438
2034	1,557,025	–	58,150	58,150	–	70,738	70,738	1,685,913
2035	1,568,194	–	58,150	58,150	–	70,738	70,738	1,697,081
2036	1,576,450	–	58,150	58,150	–	70,738	70,738	1,705,338
2037	1,236,100	$155,000	58,150	213,150	–	70,738	70,738	1,519,988
2038	1,082,100	315,000	53,500	368,500	–	70,738	70,738	1,521,338
2039	1,081,175	330,000	44,050	374,050	–	70,738	70,738	1,525,963
2040	1,080,325	345,000	33,738	378,738	–	70,738	70,738	1,529,800
2041	–	355,000	22,956	377,956	$1,090,000	70,738	1,160,738	1,538,694
2042	–	365,000	11,863	376,863	1,130,000	35,313	1,165,313	1,542,175
Total	$30,776,566	$1,865,000	$1,227,344	$3,092,344	$2,220,000	$1,609,222	$3,829,222	$37,698,132

Average Annual Debt Service Requirement (2020–2042) $1,639,049

Maximum Annual Debt Service Requirement (2036) $1,705,338

DISTRICT FINANCIAL DATA

Assessed Valuation

2018 Taxable Assessed Valuation	$ 209,538,687	(a)
2019 Preliminary Valuation	$ 225,823,725	(b)
Estimated Valuation as of March 15, 2019	$ 225,299,918	(c)
Direct Debt:		
The Outstanding Bonds	$ 22,365,000	
The Utility Bonds	$ 1,865,000	
The Park Bonds	$ 2,220,000	
Total	$ 26,450,000	
Estimated Overlapping Debt	$ 7,980,960	(d)
Total Direct and Estimated Overlapping Debt	$ 34,430,960	(d)
Debt Service Fund Balance (as of March 14, 2019)	$1,690,292	(e)
Construction Fund Balance (as of March 14, 2019)	$17,148	
Operating Fund Balance (as of March 14, 2019)	$1,191,871	
Direct Debt Ratios:		
As a percentage of 2018 Taxable Assessed Valuation	12.62	%
As a percentage of Estimated Taxable Valuation as of March 15, 2019	11.74	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2018 Taxable Assessed Valuation	16.43	%
As a percentage of Estimated Taxable Valuation as of March 15, 2019	15.28	%

(a) Certified Taxable Assessed Value within the District as provided by TCAD. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by TCAD as the preliminary value on January 1, 2019. Represents the preliminary determination of the taxable value in the District as of January 1, 2019. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on the preliminary value. The value will be certified by TCAD and taxes will be levied on the certified value. No representation is made as to the variance in the certified value for 2019 and the preliminary value provided herein. See "TAX DATA" and "TAXING PROCEDURES."

(c) Provided by TCAD for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of March 15, 2019, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2018, through March 15, 2019. No taxes will be levied against this amount. See "TAX DATA," "TAXING PROCEDURES," and "DEVELOPMENT WITHIN THE DISTRICT."

(d) See "DISTRICT FINANCIAL DATA – Estimated Direct and Overlapping Debt Statement."

(e) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund.

Unlimited Tax Bonds Authorized but Unissued

Date Authorization	Purpose	Authorized	Issued to Date	Unissued
5/10/08	System & System Refunding	$52,460,000	$26,355,000(a)	$26,105,000
5/10/08	Parks & Parks Refunding	$6,225,000	$2,220,000(b)	$4,005,000

(a) Includes the Utility Bonds.

(b) The Park Bonds.

Investment Authority and Investment Practices of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service.

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from several sources, including information contained in the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes of debt service, and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Jurisdiction	Outstanding Debt February 28, 2019	Overlapping Percent	Overlapping Amount
Travis County	$705,136,179	0.11%	$777,499
Lake Travis Independent School District	406,345,000	1.76%	7,147,918
Travis County Healthcare District	9,380,000	0.11%	10,345
Travis County ESD No. 6	3,380,000	1.34%	45,197
Total Estimated Overlapping Debt			$7,980,960
Direct Debt (a)			$26,450,000
Total Direct & Estimated Overlapping Debt (a)			$34,430,960

Debt Ratios

Valuation	Direct Debt (a)	Direct and Estimated Overlapping Debt (a)
2018 Taxable Assessed Valuation ($209,538,687)	12.62%	16.43%
Estimated Valuation as of March 15, 2019 ($225,299,918)	11.74%	15.28%

(a) Includes the Bonds.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Resolution to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.00 per $100 of assessed valuation, for operation and maintenance purposes. The Board levied a 2018 tax rate of $0.20 per $100 of assessed valuation for operation and maintenance purposes and $0.75 per $100 of assessed valuation for debt service purposes.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$1.00 per $100 Assessed Valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all of any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2018 at the rate of $0.75 per $100 assessed valuation.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On May 10, 2008, the Board was authorized to levy such a maintenance and operations tax in an amount not to exceed $1.00 per $100 of assessed valuation. The District levied a maintenance and operations tax for 2018 at the rate of $0.20 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemptions

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

The District has contracted with Travis County to collect taxes. The District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code, as amended. The District has established the additional penalty.

Historical Tax Collections

The following table illustrates the collection history of the District for the 2009–2018 tax years:

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 03/31/19
2009	$468,243	$0.900	$4,214	100.00%	2010	100.00%
2010	463,297	0.950	4,401	100.00	2011	100.00
2011	13,887,798	0.950	131,934	100.00	2012	100.00
2012	42,020,619	0.950	399,196	100.00	2013	100.00
2013	63,383,415	0.950	602,142	99.99	2014	100.00
2014	97,131,494	0.950	922,749	99.57	2015	100.00
2015	136,725,034	0.950	1,298,888	99.91	2016	100.00
2016	159,673,601	0.950	1,516,899	99.56	2017	99.83
2017	184,974,719	0.950	1,757,260	99.63	2018	99.78
2018	209,538,687	0.950	1,990,618	99.49(b)	2019	99.49

(a) Tax rate per $100 of taxable value. Includes a tax for maintenance and operation purposes. See "Tax Rate Distribution" below.
(b) Collections through March 31, 2019.

Tax Rate Distribution

	2018	2017	2016	2015	2014	2013
Debt Service	$0.75	$0.80	$0.81	$0.77	$0.82	$0.81
Maintenance	$0.20	$0.15	$0.14	$0.18	$0.13	$0.14
	$0.95	$0.95	$0.95	$0.95	$0.95	$0.95

Taxable Assessed Valuation Summary

The following represents the type of property comprising the District's value for tax years 2014–2018:

Type of Property	2018 Assessed Taxable Valuation	2017 Assessed Taxable Valuation	2016 Assessed Taxable Valuation	2015 Assessed Taxable Valuation	2014 Assessed Taxable Valuation
Land	$43,339,629	$38,547,547	$33,298,741	$34,003,530	$25,021,150
Improvements	171,503,982	148,986,204	128,510,479	105,653,064	75,848,944
Personal Property	491,184	491,425	606,823	203,568	89,538
Exemptions	(5,796,108)	(3,050,457)	(2,742,442)	(3,135,128)	(3,828,138)
Total	$209,538,687	$184,974,719	$159,673,601	$136,725,034	$97,131,494

Principal Taxpayers

The following represents the principal taxpayers, type of property, and assessed values as of January 1, 2018.

Taxpayer	Type of Property	2018 Assessed Valuation
Drees Custom Homes LP	Land & Improvements	$2,816,000
Highland Homes Austin LLC	Land & Improvements	1,265,921
Homeowner	Land & Improvements	795,589
Rocky Creek Master Community Association Inc.	Land & Improvements	786,804
Homeowner	Land & Improvements	780,565
Homeowner	Land & Improvements	765,859
Homeowner	Land & Improvements	752,257
Homeowner	Land & Improvements	741,318
Homeowner	Land & Improvements	736,872
Homeowner	Land & Improvements	735,116
Total		$10,176,301
Principal Taxpayers Total as Percentage of District 2018 Valuation		4.86%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds and the Outstanding Bonds if no growth in the District occurs beyond the taxable assessed valuation as of January 1, 2018 ($209,538,687), or the estimated valuation as of March 15, 2019 ($225,299,918). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement (2020–2042)	$1,639,049
Tax Rate of $0.83 on the 2018 Taxable Assessed Valuation produces	$1,652,213
Tax Rate of $0.77 on the Estimated Taxable Valuation as of March 15, 2019, produces	$1,648,069
Maximum Annual Debt Service Requirement (2036)	$1,705,338
Tax Rate of $0.86 on the 2018 Taxable Assessed Valuation produces	$1,711,931
Tax Rate of $0.80 on the Estimated Taxable Valuation as of March 15, 2019, produces	$1,712,279

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT FINANCIAL DATA – Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a compilation of all 2018 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2018 Tax Rate
The District	$0.950000
Travis County	0.354200
Lake Travis Independent School District	1.407500
Travis County Healthcare District	0.105221
Travis County Emergency Services District No. 6	0.100000
Estimated Total Tax Rate	$2.916921

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. TCAD has the responsibility for appraising property for all taxing units within Travis County, including the District. Such appraisal values are subject to review and change by the Travis Central Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries, including, the surviving spouse of a disabled veteran who would have qualified for such an exemption if such exemption had been in effect on the date the disabled veteran died. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Freeport Goods Exemption*:* A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit Exemption" is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before July 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the TCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the

District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the TCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the TCAD at least once every three years. It is not known what frequency of reappraisal will be utilized by the TCAD or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the TCAD a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the TCAD chooses formally to include such values on its appraisal roll.

When requested by a local taxing unit, such as the District, the TCAD is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property.

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition of review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the TCAD to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda, which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The

District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

The qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "DISTRICT FINANCIAL DATA – Estimated Direct and Overlapping Debt Statement"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceeding which restrict the collection of taxpayer debts. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead if the person (1) has been granted an exemption under Section 11.13; Tax Code; (2) requests an installment agreement; and (3) has not entered into an agreement with the collector in the preceding 24 months. The installment payment agreement must provide for payment to be made in monthly installments and must extend for a period of at least 12 months and not more than 36 months. See "INVESTMENT CONSIDERATIONS – General" and "INVESTMENT CONSIDERATIONS – Tax Collections and Foreclosure Remedies."

THE SYSTEM

General

The wastewater treatment facilities, the purchase, acquisition and construction of which have been financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ. According to the Engineer, the design of all such facilities has been approved by all governmental agencies, which have jurisdiction over the District.

Description of the System

- Water Supply and Distribution -

All of the District's water is provided by the West Travis County Public Utility Agency ("PUA") via a 12-inch transmission main located on Hamilton Pool Road, adjacent to the District. The District and the Lower Colorado River Authority ("LCRA") entered into a Water Facilities Lease and Services Agreement (the "Agreement") which grants the District capacity for 394 equivalent single-family connections ("ESFCs"). The Agreement was assigned to the PUA pursuant to a Consent to Assignment dated March 19, 2012, following the PUA's agreement to purchase the LCRA system serving the District. The District's water is provided as part of PUA's West Travis County Regional Water System, which provides surface water treated by PUA's Uplands Water Treatment Plant to the District. The Uplands Water Treatment Plant has a current capacity of 20 million gallons per day ("MGD"). The PUA has stated the water system has sufficient capacity for the District's ultimate projected build-out.

- Wastewater Treatment and Conveyance System -

The District has constructed both phases of a wastewater treatment plant (the "WWTP") to serve the District. The WWTP has the capacity to treat 0.1255 MGD of wastewater. The plant includes a 23.75-acre-feet effluent storage pond and a surface irrigation system. The District's wastewater treatment facilities are sufficient to serve 418 ESFCs.

- Drainage -

Stormwater runoff from the District flows to the upper branch of Rocky Creek, located in the center of the District, before flowing southeast of the District, ultimately into Barton Creek.

West Travis County Public Utility Agency

The PUA is a publicly owned water and wastewater utility, which serves western Travis County and northern Hays County. On January 17, 2012, the PUA purchased from the LCRA the West Travis County Water and Wastewater systems, which serve the District. In addition to the District, the PUA serves approximately 20,000 people in the cities of Bee Cave, Lakeway and Dripping Springs.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Travis County, Texas, or any political subdivision other than the District, will be secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds and the Outstanding Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT WITHIN THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development within the District is directly related to the vitality of the single-family housing industry in the Austin metropolitan area. New single-family construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

Location and Access: The District is located in an outlying area of the Austin metropolitan area, approximately 23 miles west from the central business district of the City of Austin. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously owned single-family homes in more established commercial centers and neighborhoods closer to Austin that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District.

The competitive position of the Developer in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The District's taxable assessed valuation as of January 1, 2018, is $209,538,687, and the estimated value as of March 15, 2019, is $225,299,918. See "DISTRICT FINANCIAL DATA" and "TAX DATA – Tax Rate Calculations".

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $1,705,338 (2036) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be $1,639,049 (2020–2042). Based on the District's taxable assessed valuation as of January 1, 2018, no use of funds on hand, at a 95% tax collection rate, tax rates of $0.86 and $0.83 per $100 assessed valuation would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Based on the District's estimated valuation as of March 15, 2019, no use of funds on hand, at a 95% tax collection rate, tax rates of $0.80 and $0.77 per $100 assessed valuation would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "DEBT SERVICE REQUIREMENTS" and "TAX DATA – Tax Rate Calculations."

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure.

The District's right to seek judicial foreclosure on a tax lien may prove to be costly and time consuming, and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. See "TAXING PROCEDURES."

Limitation to Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interest of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901–946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby involving the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in determining the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claims.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the U.S. Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owner's claim against a district.

A district cannot be placed into bankruptcy involuntarily.

Marketability

The District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolution on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

2019 Legislative Session

The 86th Regular Legislative Session convened on January 8, 2019, and will conclude on May 27, 2019. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Bonds. The Governor of Texas has declared property tax reform as an emergency item for the legislative session, with the result that any property tax reform legislation may become effective within the first 60 days of the legislative session. In addition, the Governor may call one or more additional special sessions that may include legislation affecting property taxes. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions.

Future Debt

After the issuance of the Bonds, the District will have $26,105,000 principal amount of unlimited tax bonds authorized but unissued for the System (and for refunding such bonds) and $4,005,000 principal amount of unlimited tax bonds for park and recreational facilities (and for refunding such bonds) (see "THE BONDS – Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations, as described in the Bond Resolution. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Following the issuance of the Bonds, the District will still owe the Developer approximately $250,000 for reimbursable expenditures advanced to construct parks and recreational facilities within the District. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one or more other districts, although no consolidation is presently contemplated by the District.

Environmental Regulation

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Austin area. Under the Clean Air Act ("CAA") Amendments of 1990, the five-county Austin area ("Austin Area")—Travis, Hays, Williamson, Bastrop, and Caldwell Counties—has been designated an attainment/unclassifiable area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb") and eight-hour (84 ppb) standards promulgated by the EPA in 1997 ("the 1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 ("the 2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 ("the 2015 Ozone Standard").

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that the Austin Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. Since 2004, the Austin Area has been party to a curtailment agreement with the TCEQ, and the Austin Area is currently part of an EPA Ozone Advance Program.

In order to comply with the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the Austin Area. It is possible that additional controls will be necessary to allow the Austin Area to maintain attainment with the ozone standards. Such additional controls could have a negative impact on the Austin Area's economic growth and development.

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems, (3) wastewater discharges from treatment facilities, (4) storm water discharges, and (5) wetlands dredge and fill activities. Each of these is addressed below:

In the Austin Area, the Barton Springs/Edwards Aquifer Conservation District regulates groundwater usage in the south-central portion of Travis County and portions of Hays and Caldwell Counties. In addition, in 2017, the Texas Legislature created the Southwestern Travis County Groundwater Control District, which is subject to a confirmation election that has not yet occurred. For municipal utility districts and other types of special purpose districts located within these geographic areas that rely on local groundwater as a source of water supply, additional requirements and restrictions on the future drilling of water wells and/or the production of groundwater could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act ("SDWA") and Environmental Protection Agency's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

In addition to the foregoing, special district activities in the Austin Area involving the clearing of acreage and construction within the Edwards Aquifer recharge, transition, and contributing zones are subject to the TCEQ's Edwards Aquifer Protection Program, which requires a site-specific application, construction plan approval, and the implementation of temporary and permanent structural and non-structural Best Management Practices and the protection of sensitive features.

In 2015, the EPA and the United States Army Corps of Engineers ("USACE") promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, and the litigation challenging the CWR is still pending.

On February 28, 2017, the President signed an executive order ordering the EPA and USACE to modify or rescind the CWR. In response, the EPA and the USACE subsequently released a proposed rule rescinding the CWR, reinstating the regulatory text that existed prior to the adoption of the CWR and proposing the development of a revised definition of "waters of the United States." In June 2018, the EPA and USACE issued a supplemental notice of proposed rulemaking to the 2017 proposed action to repeal the 2015 definition of "waters of the United States" to clarify that the agencies are proposing to permanently repeal the CWR in its entirety and reinstate language in place before the adoption of the CWR while developing a revised definition of "waters of the United States." Meanwhile, in January 2018, the EPA and the USACE finalized a rule extending the effective date of the CWR until 2020 while the agencies finalize actions to repeal and replace the CWR. This rule delaying the effective date of the CWR was challenged in court and, on August 16, 2018, the U.S. District Court for the District of South Carolina issued a nationwide injunction rendering the rule extending the effective date of the CWR void, thereby reinstating the CWR in 26 states, including Texas. However, on September 12, 2018, the U.S. District Court for the Southern District of Texas temporarily enjoined the implementation of the CWR in Texas, Louisiana and Mississippi until the case filed by the States of Texas, Louisiana and Mississippi in 2015 is finally resolved.

On December 11, 2018, the EPA and USACE released the proposed replacement definition of "waters of the United States." The proposed definition outlines six categories of waters that would be considered "waters of the United States," including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not "waters of the United States," such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies will take comment on the proposal for 60 days after publication in the Federal Register, which occurred on February 14, 2019. If finalized, the proposed rule would apply nationwide, replacing the patchwork framework for Clean Water Act jurisdiction that has resulted from litigation challenging the CWR.

Due to the pending rulemaking activity and rule challenge litigation, there is significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including permitting requirements.

West Travis County Public Utility Agency

The PUA is a publicly owned water and wastewater utility, which serves western Travis County and northern Hays County. On January 17, 2012, the PUA purchased from the LCRA the West Travis County Water and Wastewater systems, which serve the District. In addition to the District, the PUA serves approximately 20,000 people in the cities of Bee Cave, Lakeway and Dripping Springs. See "THE SYSTEM." The PUA does not have the authority to levy a tax. It derives its revenues primarily from water and sewer rates and impact fees. The District does not control the rates charged by the PUA. In the event the PUA rates exceed the rates charged to other municipal providers, such rates could adversely affect absorption of new homes in the District.

Bond Insurance

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond insurer without appropriate consent. The Bond insurer may direct and must consent to any remedies and the Bond insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond insurer and its claim paying ability. The Bond insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond insurer and of the ratings on the Bonds insured by the Bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The obligations of the Bond insurer are contractual obligations and in an event of default by the Bond insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District or Initial Purchaser has made independent investigation into the claims paying ability of the Bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond insurer, particularly over the life of the investment. See “MUNICIPAL BOND INSURANCE” herein for further information provided by the Bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond insurer.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect, and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes, and interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under the caption “THE DISTRICT – General,” “THE BONDS,” “TAXING PROCEDURES,” “LEGAL MATTERS – Legal Proceedings,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION,” solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

No Material Adverse Change

The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated of the date of delivery of the Bonds, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attaching the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that is will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District, the District's Financial Advisor and the Initial Purchaser with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Bonds.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and

(b) issued by a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and represents that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code, during calendar year 2019 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2019.

Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT FINANCIAL DATA" (except under the subheading "– Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A" (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2019. The District will provide the updated information to EMMA.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

The District's current fiscal year end is February 28. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR §240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions: "THE DISTRICT," "THE SYSTEM," and "APPENDIX B" – Jones & Carter, Inc. ("Engineer"); "THE DEVELOPER" and "DEVELOPMENT WITHIN THE DISTRICT" – the Developer, "DISTRICT FINANCIAL DATA – Estimated Direct and Overlapping Debt Statement," "TAX DATA" – Travis County Tax Office and "THE BONDS," "CONTINUING DISCLOSURE OF INFORMATION," "TAXING PROCEDURES," "LEGAL MATTERS" and "TAX MATTERS" – Allen Boone Humphries Robinson LLP.

Experts

In approving this Official Statement, the District has relied upon the following experts in addition to the Financial Advisor.

> *The Engineer*: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM," has been provided by Jones & Carter, Inc., and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.
>
> *Tax Assessor/Collector and Appraisal District*: The information contained in the Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA" has been provided by the Travis County Tax Office and Travis Central Appraisal District, in reliance upon their authority as experts in appraising and tax assessing.

Updating of Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchaser; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds) until all of the Bonds have been sold to ultimate customers.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Travis County Municipal Utility District No. 16, as of the date shown on the first page hereof.

/s/ Mialinda Francis
Vice President, Board of Directors
Travis County Municipal Utility District No. 16

ATTEST:

/s/ Stephanie Nun
Secretary, Board of Directors
Travis County Municipal Utility District No. 16

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 16

FOR THE YEAR ENDED
FEBRUARY 28, 2018

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

McCALL GIBSON SWEDLUND BARFOOT PLLC

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Board of Directors
Travis County Municipal
Utility District No. 16
Travis County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Municipal Utility District No. 16 (the "District"), as of and for the year ended February 28, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of February 28, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Supplementary Information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* and the Other Supplementary Information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Texas Supplementary Information and the Other Supplementary Information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Austin, Texas

June 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

The management of Travis County Municipal Utility District No. 16 (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the fiscal year ended February 28, 2018. Since this information is designed to focus on current period activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund*: At the end of the current period, the fund balance was $1,081,042 which reflects a decrease of $158,904 from the previous fiscal period. General Fund revenues decreased from $833,487 in the previous fiscal year to $686,484 in the current fiscal year.
- *Debt Service Fund*: Fund balance restricted for debt service increased from $1,905,073 in the previous fiscal year to $2,099,011 in the current fiscal year. Debt service fund revenues increased from $1,303,175 in the previous fiscal year to $1,493,415 in the current fiscal year. The District made bond principal payments of $570,000 and bond interest payments of $713,290 during the current fiscal year.
- *Capital Projects Fund*: Fund balance restricted for capital projects increased from a deficit balance of $1,408,412 balance in the previous fiscal year to a positive balance of $86,882 in the current fiscal year. The District received $2,580,000 from the issuance of Series 2017 Unlimited Tax Bonds and spent $1,078,923 for infrastructure and other bond-related expenditures during the current period.
- *Governmental Activities*: On a government-wide basis for governmental activities, the District had revenues net of expenses of $356,474. Net position increased from $1,201,776 to $1,558,250.

OVERVIEW OF THE DISTRICT

The District was created as Travis County Municipal Utility District No. 16 by Order of the Texas Commission on Environmental Quality dated March 29, 2005. The District operates under Chapters 49 and 54 of the Texas Water Code. The District was created under the provisions of Article XVI, Section 59, of the Texas Constitution.

The creation of the District was confirmed in an election held within the District on May 10, 2008. The District included 467.88 acres at creation. No acreage has been annexed into or excluded from the District. The District is located in Travis County, outside of the corporate limits and extraterritorial jurisdictions of any cities. The District is located approximately 4.8 miles west of the intersection of TX-71 E and Hamilton Pool Road, or approximately 5.4 miles west of Bee Cave, Texas.

USING THIS ANNUAL REPORT

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

The District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.*

The *Required Supplementary Information* presents a comparison statement between the District's adopted budget and its actual results.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase
	2018	2017	(Decrease)
Current and other assets	$ 3,487,502	$ 3,653,158	$ (165,656)
Capital and non-current assets	21,425,567	20,531,676	893,891
Total Assets	24,913,069	24,184,834	728,235
Current Liabilities	1,340,178	2,823,110	(1,482,932)
Long-term Liabilities	22,014,641	20,159,948	1,854,693
Total Liabilities	23,354,819	22,983,058	371,761
Net Investment in Capital Assets	(1,237,192)	(1,606,684)	369,492
Restricted	1,711,591	1,566,073	145,518
Unrestricted	1,083,851	1,242,387	(158,536)
Total Net Position	$ 1,558,250	$ 1,201,776	$ 356,474

The District's combined net position increased from $1,201,776 in the previous fiscal year to $1,558,250 in the current fiscal year. Some of the District's assets are restricted for particular purposes, such as debt service or capital projects. The District's unrestricted net position, which can be used to finance day-to-day operations, totaled $1,083,851.

Revenues and Expenses:

Summary Statement of Activities

	Activities 2018	Activities 2017	Increase (Decrease)
Property taxes	$ 1,758,973	$ 1,520,737	$ 238,236
Wastewater fees	303,094	268,439	34,655
Connection Fees	97,931	336,468	(238,537)
Other	23,918	9,748	14,170
Total Revenues	2,183,916	2,135,392	48,524
District operations	255,566	223,166	32,400
Professional fees	155,858	198,827	(42,969)
Other	47,199	64,917	(17,718)
Debt service	1,077,387	1,091,083	(13,696)
Depreciation/amortization	291,432	245,856	45,576
Total Expenses	1,827,442	1,823,849	3,593
Change in Net Position	356,474	311,543	44,931
Beginning Net Position	1,201,776	890,233	311,543
Ending Net Position	$ 1,558,250	$ 1,201,776	$ 356,474

Revenues were $2,183,916 for the period ended February 28, 2018, while expenses were $1,827,442. Net position increased $356,474.

Property tax revenue in the current period is $1,758,973. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2017 tax year were based upon a current adjusted assessed value of $184,982,005 and a tax rate of $0.95 per $100 of assessed valuation. Property taxes levied for the 2016 tax year were based upon an adjusted assessed value of $159,673,601 and a tax rate of $0.95 per $100 of assessed valuation.

ANALYSIS OF GOVERNMENTAL FUNDS

	Governmental Funds by Year		
	2018	2017	2016
Cash and investments	$ 2,916,182	$ 3,114,657	$ 2,631,964
Receivables	632,376	638,975	728,035
Total Assets	$ 3,548,558	$ 3,753,632	$ 3,359,999
Accounts payable	55,352	52,091	93,566
Other payables	208,104	1,948,712	3,057,111
Total Liabilities	263,456	2,000,803	3,150,677
Deferred Inflows of Resources	18,167	16,222	18,901
Nonspendable	411,184	375,648	339,826
Restricted	1,774,709	121,013	(1,069,901)
Assigned	114,769	367,476	183,151
Unassigned	966,273	872,470	737,345
Total Fund Balance	3,266,935	1,736,607	190,421
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,548,558	$ 3,753,632	$ 3,359,999

For the fiscal year ended February 28, 2018, the District's governmental funds reflect a fund balance of $3,266,935.

The General Fund fund balance reflects a decrease of $158,904.

The Debt Service Fund fund balance reflects an increase of $193,938 in the current fiscal year. The Debt Service Fund remitted bond principal of $570,000 and bond interest of $713,290. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Project Fund purchases the District's infrastructure. The Capital Projects Fund had a $1,495,294 increase in fund balance for the current fiscal year. During the current fiscal year, the District received $2,580,000 from the issuance of unlimited tax bonds and spent $1,078,923 for infrastructure and other bond-related items.

BUDGETARY HIGHLIGHTS

The General Fund pays for daily operating costs of the District. On February 9, 2017, the Board of Directors adopted a budget that included revenues of $555,623 as compared to expenditures of $923,099. When comparing actual to budget, the District had a positive variance of $208,572. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information.*

CAPITAL ASSETS

The District's governmental activities have invested $21,425,567 in land and infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	2018	2017
Capital Assets:		
Land	$ 7,263,662	$ 7,271,731
Construction in progress	6,246	53,041
Wastewater Treatment Plant	8,499,426	8,041,340
Water/Wastewater/Drainage	6,611,884	5,829,783
Equipment	7,683	7,683
Less: Accumulated Depreciation	(963,334)	(671,902)
Total Net Capital Assets	$ 21,425,567	$ 20,531,676

More detailed information about the District's capital assets is presented in the *Notes to the Financial Statements.*

LONG TERM DEBT

The District has the following unlimited tax bonds outstanding:

	Bonds Payable
Series 2012	$ 4,070,000
Series 2013	3,710,000
Series 2014	3,575,000
Series 2015	5,190,000
Series 2016	3,975,000
Series 2017	2,580,000
Total	$ 23,100,000

The District owes approximately $23 million to bond holders. More detailed information about the District's long-term debt is presented in the *Notes to the Financial Statements.*

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2019 projects a General Fund fund balance decrease of $114,769.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, TX 78701.

FINANCIAL STATEMENTS

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
ASSETS						
Cash on deposit	$ 143,700	$ -	$ -	$ 143,700	$ -	$ 143,700
Cash equivalent investments	938,055	1,747,545	86,882	2,772,482	-	2,772,482
Receivables:						
Service accounts, net of allowance for doubtful accounts of $-0-	98,095	-	-	98,095	-	98,095
Property taxes	4,210	22,831	-	27,041	-	27,041
Interfund	61,056	-	-	61,056	(61,056)	-
Other	35,000	-	-	35,000	-	35,000
Prepaid costs	-	411,184	-	411,184	-	411,184
Capital assets, net of accumulated depreciation:						
Land	-	-	-	-	7,263,662	7,263,662
Construction in progress	-	-	-	-	6,246	6,246
Wastewater Treatment Plant	-	-	-	-	7,797,875	7,797,875
Water/Wastewater/Drainage Facilities	-	-	-	-	6,352,662	6,352,662
Equipment	-	-	-	-	5,122	5,122
TOTAL ASSETS	$ 1,280,116	$ 2,181,560	$ 86,882	$ 3,548,558	21,364,511	24,913,069
LIABILITIES						
Accounts payable	$ 55,352	$ -	$ -	$ 55,352	-	55,352
Retainage payable	34,781	-	-	34,781	-	34,781
Accrued costs	13,582	-	-	13,582	-	13,582
Accrued interest payable	-	6,135	-	6,135	402,778	408,913
Refundable deposits	92,550	-	-	92,550	-	92,550
Interfund payables	-	61,056	-	61,056	(61,056)	-
Bonds payable:						
Due within one year	-	-	-	-	735,000	735,000
Due after one year	-	-	-	-	22,014,641	22,014,641
TOTAL LIABILITIES	196,265	67,191	-	263,456	23,091,363	23,354,819
DEFERRED INFLOWS OF RESOURCES						
Property taxes	2,809	15,358	-	18,167	(18,167)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,809	15,358	-	18,167	(18,167)	-
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable	-	411,184	-	411,184	(411,184)	-
Restricted for debt service	-	1,687,827	-	1,687,827	(1,687,827)	-
Restricted for authorized construction	-	-	86,882	86,882	(86,882)	-
Assigned for 2019 budget deficit	114,769	-	-	114,769	(114,769)	-
Unassigned	966,273	-	-	966,273	(966,273)	-
TOTAL FUND BALANCES	1,081,042	2,099,011	86,882	3,266,935	(3,266,935)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,280,116	$ 2,181,560	$ 86,882	$ 3,548,558		
NET POSITION:						
Net investment in capital assets					(1,237,192)	(1,237,192)
Restricted for debt service					1,711,591	1,711,591
Unrestricted					1,083,851	1,083,851
TOTAL NET POSITION					$ 1,558,250	$ 1,558,250

The accompanying notes are an integral part of this statement.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FEBRUARY 28, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
REVENUES:						
Property taxes, including penalties	$ 277,368	$ 1,479,660	$ -	$ 1,757,028	$ 1,945	$ 1,758,973
Wastewater service revenues	303,094	-	-	303,094	-	303,094
System connection/inspection fees	62,931	-	-	62,931	-	62,931
Builder contribution fees	35,000	-	-	35,000	-	35,000
Interest and other	8,091	13,755	2,072	23,918	-	23,918
TOTAL REVENUES	686,484	1,493,415	2,072	2,181,971	1,945	2,183,916
EXPENDITURES / EXPENSES:						
Current:						
Inspection expenditures	6,800	-	-	6,800	-	6,800
Water/wastewater repair and maintenance	86,552	-	-	86,552	-	86,552
Sludge hauling	41,664	-	-	41,664	-	41,664
Permit fees	1,250	-	-	1,250	-	1,250
Chemicals/lab fees	23,890	-	-	23,890	-	23,890
Operations fees	50,400	-	-	50,400	-	50,400
Billing fees	6,725	-	-	6,725	-	6,725
Utilities	38,285	-	-	38,285	-	38,285
Director fees, including payroll taxes	8,558	-	-	8,558	-	8,558
Legal fees	79,405	-	-	79,405	-	79,405
Engineering fees	45,703	-	-	45,703	-	45,703
Audit fees	9,000	-	-	9,000	-	9,000
Bookkeeping fees	21,750	-	-	21,750	-	21,750
Tax appraisal/collection fees	1,271	7,156	-	8,427	-	8,427
Insurance	11,442	-	-	11,442	-	11,442
Consulting fees	8,692	-	-	8,692	-	8,692
Other	973	5,000	4,107	10,080	-	10,080
Debt Service:						
Principal	-	570,000	-	570,000	(570,000)	-
Interest	-	713,290	14,365	727,655	67,545	795,200
Fiscal agent fees and other	-	4,031	-	4,031	-	4,031
Bond issuance expenditures	-	-	278,156	278,156	-	278,156
Capital outlay	403,028	-	782,295	1,185,323	(1,185,323)	-
Depreciation	-	-	-	-	291,432	291,432
TOTAL EXPENDITURES / EXPENSES	845,388	1,299,477	1,078,923	3,223,788	(1,396,346)	1,827,442
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	(158,904)	193,938	(1,076,851)	(1,041,817)	1,398,291	356,474
OTHER FINANCING SOURCES (USES):						
Bond proceeds	-	-	2,580,000	2,580,000	(2,580,000)	-
Bond discount	-	-	(7,855)	(7,855)	7,855	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,572,145	2,572,145	(2,572,145)	-
NET CHANGE IN FUND BALANCES	(158,904)	193,938	1,495,294	1,530,328	(1,530,328)	-
CHANGE IN NET POSITION					356,474	356,474
FUND BALANCES / NET POSITION:						
Beginning of the year	1,239,946	1,905,073	(1,408,412)	1,736,607	(534,831)	1,201,776
End of the year	$ 1,081,042	$ 2,099,011	$ 86,882	$ 3,266,935	$ (1,708,685)	$ 1,558,250

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board* (GASB), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - The District was created, organized and established on March 29, 2005, by the Texas Commission on Environmental Quality (formerly the Texas Natural Resource Conservation Commission) pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. A five member Board of Directors governs the District which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by GASB standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in GASB standards which are included in the District's reporting entity.

Basis of Presentation - Government-wide and Fund Financial Statements - These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (GASB Codification).

GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

The financial statements are prepared in conformity with GASB Statement No. 34, and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. GASB Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition, a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements -** The District's statement of net position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide statement of activities column reflects depreciation expense on the District's capital assets, including infrastructure.

  The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from financial activities of the fiscal period. The focus of the fund financial statements is on the individual funds of the governmental categories. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

- **Fund Financial Statements -** Fund based financial statement columns are provided for governmental funds. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures of either fund category) for the determination of major funds. All of the District's funds are reported as major funds.

***Governmental Fund Types* -** The accounts of the District are organized and operated on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The various funds are grouped by category and type in the financial statements. The District maintains the following fund types:

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.

- **Debt Service Fund** - The Debt Service Fund is used to account for the resources restricted, committed or assigned for the payment of debt principal, interest and related costs.

- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

***Non-current Governmental Assets and Liabilities* -** GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the government-wide financial statement column in the Statement of Net Position.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Accounting

Government-wide Statements - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balances. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e. both measurable and available).

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred revenue. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting - A budget was adopted on February 9, 2017, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year-end. The budget was not amended during the current fiscal year.

Pensions - The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Cash and Cash Equivalents - Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of obligations in the State Treasurer's Investment Pool (TexPool), are recorded at amortized cost.

Capital Assets - Capital assets, which include land, construction in progress, water, wastewater and drainage facilities, the wastewater treatment plant, and equipment, are reported in the government-wide column in the Statement of Net Position. Public domain ("infrastructure") capital assets including water, wastewater and drainage systems, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated acquisition value at the time received. Interest incurred during construction of capital facilities is not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Equipment	5 - 30
Water/Wastewater/Drainage Facilities	5 - 50
Wastewater Treatment Plant	50

Interfund Transactions - Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Long-Term Debt - Unlimited tax bonds, which have been issued to fund capital projects, are to be repaid from tax revenues of the District.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Long-Term Debt (continued) -

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Fund Balance - Fund balances in governmental funds are classified using the following hierarchy:

- *Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- *Restricted*: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.
- *Committed*: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- *Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has assigned $114,769 of its General Fund fund balance to cover the projected 2019 budgeted deficit.
- *Unassigned*: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS -

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:

Total Fund Balances - Governmental Funds		$ 3,266,935
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds -		
Capital assets	22,388,901	
Less: Accumulated depreciation	(963,334)	21,425,567
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred revenue for revenues earned but not available.		18,167
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable		(23,100,000)
Issuance premium/discount, net		350,359
Accrued interest		(402,778)
Total Net Position - Governmental Activities		$ 1,558,250

Adjustments to convert the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities are as follows:

Net Changes in Fund Balances - Governmental Funds	$ 1,530,328
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report:	
Capital expenditures in period purchased	1,185,323
Interest expenditures in period paid	(49,997)
Tax collections in period received	1,945
Bond proceeds and discounts as other financing sources/uses	(2,572,145)
Bond principal in period paid	570,000
Governmental funds do not report -	
Depreciation	(291,432)
Amortization	(17,548)
Change in Net Position - Governmental Activities	$ 356,474

3. CASH AND INVESTMENTS

The investment policies of the District are governed by State statute and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third party trustees.

Cash - At February 28, 2018, the carrying amount of the District's deposits was $143,700 and the bank balance was $146,101. The bank balance was covered by federal depository insurance and pledged collateral held in the name of the District in a third-party depository.

Investments -

Interest rate risk - In accordance with its investment policy, the District manages its exposure to declines in fair market values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

Credit risk - The District's investment policy requires the application of the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of $1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency; and
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- Public funds investment pools rated AAA or AAA-m by a nationally recognized rating agency.

3. CASH AND INVESTMENTS (continued) -

At February 28, 2018, the District held the following investments:

Investment	Fair Value at 2/28/2018	Unrestricted	Restricted (1)	Restricted (2)	Rating	Rating Agency
Texpool	$ 2,772,482	$ 938,055	$ 1,747,545	$ 86,882	AAAm	Standard & Poors
	$ 2,772,482	$ 938,055	$ 1,747,545	$ 86,882		

(1) Restricted for payment of debt service and cost of assessing and collecting taxes.

(2) Restricted for purchase of capital assets.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

Concentration of credit risk. In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of February 28, 2018, the District did not own any investments in individual securities.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with obligations of the United States or its agencies and instrumentalities. As of February 28, 2018, the District's bank deposits were fully covered by FDIC insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Travis Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Collector bills and collects the District's property taxes. The Board of Directors set the tax rate for the 2017 tax year on September 14, 2017.

The property tax rate, established in accordance with state law, was based on 100% of the net assessed valuation of real and taxable personal property within the District on the 2017 tax roll. The tax rate, based on total taxable assessed valuation of $184,982,005 was $0.95 on each $100 valuation and was allocated $0.15 to the General Fund and $0.80 to the Debt Service Fund. The maximum allowable maintenance tax of $1.00 was established by the voters on May 10, 2008.

Property taxes receivable at February 28, 2018 were $4,210 for the General Fund and $22,831 for the Debt Service Fund.

5. INTERFUND ACCOUNTS

A summary of interfund accounts, which resulted from the time lag between dates that payments between funds are made, is as follows at February 28, 2018:

	Interfund	
	Receivables	**Payables**
General Fund -		
Debt Service Fund	$ 61,056	$ -
Debt Service Fund -		
General Fund	-	61,056
	$ 61,056	$ 61,056

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 3/1/2017	Additions	Deletions	Balance 2/28/2018
Capital assets not being depreciated:				
Land	$ 7,271,731	$ -	$ (8,069)	$ 7,263,662
Construction in progress	53,041	6,246	(53,041)	6,246
Total capital assets not being depreciated	7,324,772	6,246	(61,110)	7,269,908
Capital assets being depreciated:				
Water/Wastewater/Drainage Facilities	5,829,783	782,101	-	6,611,884
Wastewater Treatment Plant	8,041,340	458,086	-	8,499,426
Equipment	7,683	-	-	7,683
Total capital assets being depreciated	13,878,806	1,240,187	-	15,118,993
Less accumulated depreciation for:				
Water/Wastewater/Drainage Facilities	(130,894)	(128,328)	-	(259,222)
Wastewater Treatment Plant	(539,984)	(161,567)	-	(701,551)
Equipment	(1,024)	(1,537)	-	(2,561)
Total accumulated depreciation	(671,902)	(291,432)	-	(963,334)
Total capital assets being depreciated, net of accumulated depreciation	13,206,904	948,755	-	14,155,659
Total capital assets, net	$ 20,531,676	$ 955,001	$ (61,110)	$ 21,425,567

7. BONDED DEBT

The following is a summary of bond transactions of the District for the period ended February 28, 2018:

	Unlimited Tax Bonds
Bonds payable at March 1, 2017	$ 21,090,000
Bonds issued	2,580,000
Bonds retired	(570,000)
Bond discount/premium, net of accumulated amortization	(350,359)
Bonds payable at February 28, 2018	$ 22,749,641

Bonds payable at February 28, 2018, were comprised of the following individual issues:

Unlimited Tax Bonds:

$4,070,000 - 2012 Unlimited Tax Bonds payable serially through the year 2036 at interest rates which range from 2.0% to 4.0%. Bonds maturing on or after September 1, 2020 are callable prior to maturity beginning September 1, 2019, or any date thereafter. Bonds maturing September 1, 2029, 2032 and 2036 are term bonds and are subject to mandatory sinking fund redemption.

$3,710,000 - 2013 Unlimited Tax Bonds payable serially through the year 2037 at interest rates which range from 3.0% to 5.0%. Bonds maturing on or after September 1, 2021 are callable prior to maturity beginning September 1, 2020, or any date thereafter. Bonds maturing September 1, 2030, 2032 and 2037 are term bonds and are subject to mandatory sinking fund redemption.

$3,575,000 - 2014 Unlimited Tax Bonds payable serially through the year 2038 at interest rates which range from 2.0% to 4.0%. Bonds maturing on or after September 1, 2023 are callable prior to maturity beginning September 1, 2022, or any date thereafter. Bonds maturing September 1, 2024, 2026, 2028, 2030, 2032, 2034, 2036 and 2038 are term bonds and are subject to mandatory sinking fund redemption.

$5,190,000 - 2015 Unlimited Tax Bonds payable serially through the year 2039 at interest rates which range from 2.0% to 4.0%. Bonds maturing on or after September 1, 2024 are callable prior to maturity beginning September 1, 2023, or any date thereafter. Bonds maturing September 1, 2035 and 2039 are term bonds and are subject to mandatory sinking fund redemption.

$3,975,000 - 2016 Unlimited Tax Bonds payable serially through the year 2040 at interest rates which range from 1.1% to 3.0%. Bonds maturing on or after September 1, 2025 are callable prior to maturity beginning September 1, 2024, or any date thereafter. Bonds maturing September 1, 2029, 2031, 2033 and 2040 are term bonds and are subject to mandatory sinking fund redemption.

7. BONDED DEBT (continued)

$2,580,000 - 2017 Unlimited Tax Bonds payable serially through the year 2040 at interest rates which range from 2.0% to 3.5%. Bonds maturing on or after September 1, 2026 are callable prior to maturity beginning September 1, 2025, or any date thereafter. Bonds maturing September 1, 2029 and 2038 are term bonds and are subject to mandatory sinking fund redemption.

On June 29, 2017, the District issued $2,580,000 Unlimited Tax Bonds, Series 2017, with interest rates ranging from 2.0% to 3.5%. The net proceeds of $2,351,397 (after payment of underwriter fees, insurance, and other bond related costs) were used to retire its Series 2016 Bond Anticipation Note (BAN), including Series 2016 BAN interest of $14,365, and were deposited with the District's investment accounts to finance construction costs, and to pay for accrued bond interest and subsequent bond issue costs.

The annual requirements to amortize all bonded debt at February 28, 2018, including interest, are as follows:

Year Ended February 28/29	Annual Requirements for All Series: Principal	Interest	Total
2019	$ 735,000	$ 802,650	$ 1,537,650
2020	765,000	766,721	1,531,721
2021	785,000	747,996	1,532,996
2022	810,000	726,955	1,536,955
2023	835,000	705,699	1,540,699
2024-2028	4,560,000	3,151,355	7,711,355
2029-2033	5,365,000	2,355,650	7,720,650
2034-2038	6,215,000	1,275,318	7,490,318
2038-2041	3,030,000	213,600	3,243,600
	$ 23,100,000	$ 10,745,944	$ 33,845,944

The total amount of bonds approved by the voters of the District but not issued at February 28, 2018, is as follows:

Type	Amount
Unlimited Tax Bonds	$ 27,970,000
Park and Recreational Facilities	$ 6,225,000

$2,099,011 is available in the Debt Service Fund to service the bonded debt.

The existing outstanding bonds of the District are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

8. COMMITMENTS AND CONTINGENCIES

The developer of the land within the District has incurred costs related to construction of facilities. Such costs may be reimbursable to the developer by the District from proceeds of future District bond issues, subject to approval by the Texas Commission on Environmental Quality. The District, as of February 28, 2018, has recorded no liability pertaining to such costs.

9. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained coverage from commercial insurance companies and the Texas Municipal League Intergovernmental Risk Pool (TML Pool) to effectively manage its risk. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The TML Pool was established by various political subdivisions in Texas to provide self-insurance for its members and to obtain lower costs for insurance. TML Pool members pay annual contributions to obtain the insurance. Annual contribution rates are determined by the TML Pool Board. Rates are estimated to include all claims expected to occur during the policy including claims incurred but not reported. The TML Pool has established Claims Reserves for each of the types of insurance offered. Although the TML Pool is a self-insured risk pool, members are not contingently liable for claims filed above the amount of the fixed annual contributions. If losses incurred are significantly higher than actuarially estimated, the TML Pool adjusts the contribution rate for subsequent years. Members may receive returns of contributions if actual results are more favorable than estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FEBRUARY 28, 2018

	Actual	Original Budget	Variance Positive (Negative)
REVENUES:			
Property taxes, including penalties	$ 277,368	$ 301,703	$ (24,335)
Wastewater service revenues	303,094	219,960	83,134
System connection/inspection fees	62,931	33,840	29,091
Builder contribution fees	35,000	-	35,000
Interest and other	8,091	120	7,971
TOTAL REVENUES	686,484	555,623	130,861
EXPENDITURES:			
Current:			
Inspection expenditures	6,800	-	(6,800)
Water/wastewater repair and maintenance	86,552	166,500	79,948
Sludge hauling	41,664	24,000	(17,664)
Permit fees	1,250	1,250	-
Chemicals/lab fees	23,890	12,000	(11,890)
Operations fees	50,400	50,400	-
Billing fees	6,725	6,000	(725)
Utilities	38,285	45,600	7,315
Director fees, including payroll taxes	8,558	9,779	1,221
Legal fees	79,405	120,000	40,595
Engineering fees	45,703	42,000	(3,703)
Audit fees	9,000	8,000	(1,000)
Bookkeeping fees	21,750	21,750	-
Tax appraisal/collection fees	1,271	1,000	(271)
Insurance	11,442	10,000	(1,442)
Consulting fees	8,692	10,020	1,328
Other	973	4,800	3,827
Capital outlay	403,028	390,000	(13,028)
TOTAL EXPENDITURES	845,388	923,099	77,711
NET CHANGE IN FUND BALANCE	(158,904)	$ (367,476)	$ 208,572
FUND BALANCE:			
Beginning of the year	1,239,946		
End of the year	$ 1,081,042		

The accompanying notes are an integral part of this statement.

TEXAS SUPPLEMENTARY INFORMATION

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-1. SERVICES AND RATES
FEBRUARY 28, 2018

1. Services Provided by the District during the Fiscal Year:[1]

- [ ] Retail Water
- [X] Retail Wastewater
- [ ] Parks/Recreation
- [ ] Solid Waste/Garbage
- [ ] Wholesale Water
- [ ] Wholesale Wastewater
- [ ] Fire Protection
- [ ] Flood Control
- [X] Drainage
- [ ] Irrigation
- [ ] Security
- [ ] Roads
- [ ] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
- [ ] Other (specify):______________________

2. Retail Service Providers

a. Retail Rates Based on 5/8" Meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage
WATER:	$ -	-		$ -	
WASTEWATER:	$ 50.00 [2]	1,000	N	$ 5.00	Per 1,000 Gallons
SURCHARGE:	$ -	-		$ -	

District employs winter averaging for wastewater usage? Yes [X] No [ ]

Total charges per 10,000 gallons usage: Water $ - Wastewater $ 95.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered				
< 3/4"				
1"				
1 1/2"	-			
2"				
3"	-			
4"	-			
6"	-			
8"	-			
10"	-			
Total Water	(1)	(1)		(1)
Total Wastewater	376.0	376.0	1.0	376.0

[1] The District provides only wastewater service.

[2] Includes $10 drainage fee.

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system: (1)

Gallons billed to customers: (1)

Water Accountability Ratio
(Gallons billed / Gallons Pumped)
N/A

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District assess standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: ________

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: ________

5. Location of District

County(ies) in which district is located: Travis County, Texas

Is the District located entirely within one county? Yes ☒ No ☐

Is the District located within a city? Entirely ☐ Partly ☐ Not at all ☒

City(ies) in which district is located: ________

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely ☐ Partly ☐ Not at all ☒

ETJ's in which district is located: N/A

Are Board members appointed by an office outside the district?

Yes ☐ No ☒

If Yes, by whom? ________

(1) The District's residents receive water service from the West Travis County Public Utility Agency.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-2. GENERAL FUND EXPENDITURES
FEBRUARY 28, 2018

Personnel Expenditures (including benefits)	$ -
Professional Fees:	
Auditing	9,000
Legal	79,405
Engineering	45,703
Financial Advisor	
Purchased Services For Resale-	
Bulk Water and Wastewater Purchases	-
Contracted Services:	
Bookkeeping	21,750
General Manager	50,400
Appraisal District/Tax Collector	1,271
Other Contracted Services	63,881
Utilities	38,285
Repairs and Maintenance	86,552
Chemicals/Lab Fees	23,890
Administrative Expenditures:	
Directors' Fees	8,558
Office Supplies	-
Insurance	11,442
Other Administrative Expenditures	2,223
Capital Outlay:	
Capitalized Assets	403,028
Expenditures not Capitalized	-
Bad Debt	-
Parks and Recreation	-
Other Expenditures	-
TOTAL EXPENDITURES	$ 845,388

Number of persons employed by the District: [-] Full-Time [-] Part-Time

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-3. TEMPORARY INVESTMENTS
FEBRUARY 28, 2018

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund:					
TexPool	XXX0001	Varies	N/A	$ 938,055	$ -
Total				938,055	-
Debt Service Fund:					
TexPool	XXX0005	Varies	N/A	1,332,586	-
TexPool	XXX0006	Varies	N/A	414,959	-
Total				1,747,545	-
Capital Projects Fund:					
TexPool	XXX0018	Varies	N/A	23,512	-
TexPool	XXX0020	Varies	N/A	63,370	-
Total				86,882	-
Total - All Funds				$ 2,772,482	$ -

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-4. TAXES LEVIED AND RECEIVABLE
FEBRUARY 28, 2018

			Maintenance Taxes	Debt Service Taxes
Taxes Receivable, Beginning of Year			$ 2,441	$ 13,781
2017 Original Tax Levy, plus adjustments			277,473	1,479,855
Total to be accounted for			279,914	1,493,636
Tax collections:				
Current year			274,096	1,461,845
Prior years			1,608	8,960
Total collections			275,704	1,470,805
Taxes Receivable, End of Year			$ 4,210	$ 22,831
Taxes Receivable, By Years				
2016			$ 833	$ 4,821
2017			3,377	18,010
Taxes Receivable, End of Year			$ 4,210	$ 22,831
Property Valuations:		2017	2016	2015
Land and improvements	(a)	$ 184,982,005	$ 159,673,601	$ 136,725,034
Total Property Valuations		$ 184,982,005	$ 159,673,601	$ 136,725,034
Tax Rates per $100 Valuation:				
Debt Service tax rates		$ 0.8000	$ 0.8100	$ 0.7700
Maintenance tax rates		0.1500	0.1400	0.1800
Total Tax Rates per $100 Valuation:		$ 0.9500	$ 0.9500	$ 0.9500
Original Tax Levy		$ 1,757,328	$ 1,516,899	$ 1,298,888
Percent of Taxes Collected to Taxes Levied **		98.78%	99.63%	100.00%
Maximum Maintenance Tax Rate Approved by Voters:		**$ 1.00** on	**5/10/2008**	

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors, including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

** Calculated as taxes collected in current and previous years divided by tax levy. Calculated as of the time of the original tax levy and may vary from that provided in the District's bond offering documents or the District's annual bond disclosure filings.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
FEBRUARY 28, 2018

	Unlimited Tax Bonds Series 2012			Unlimited Tax Bonds Series 2013			Unlimited Tax Bonds Series 2014			Unlimited Tax Bonds Series 2015		
Fiscal Year Ending	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2019	$ 125,000	$ 140,910	$ 265,910	$ 110,000	$ 168,562	$ 278,562	$ 100,000	$ 123,313	$ 223,313	$ 150,000	$ 175,344	$ 325,344
2020	130,000	138,410	268,410	120,000	165,262	285,262	105,000	121,313	226,313	160,000	172,344	332,344
2021	140,000	135,614	275,614	125,000	161,662	286,662	110,000	119,213	229,213	165,000	167,544	332,544
2022	145,000	132,256	277,256	130,000	157,600	287,600	115,000	115,913	230,913	170,000	162,594	332,594
2023	155,000	128,412	283,412	135,000	153,050	288,050	120,000	112,463	232,463	175,000	157,494	332,494
2024	165,000	123,916	288,916	145,000	147,988	292,988	125,000	108,863	233,863	185,000	152,244	337,244
2025	175,000	118,968	293,968	150,000	142,188	292,188	135,000	105,113	240,113	190,000	146,694	336,694
2026	180,000	113,368	293,368	160,000	136,038	296,038	140,000	101,063	241,063	200,000	140,994	340,994
2027	195,000	107,428	302,428	165,000	129,238	294,238	145,000	96,863	241,863	210,000	134,994	344,994
2028	205,000	100,798	305,798	175,000	121,978	296,978	155,000	92,513	247,513	215,000	128,694	343,694
2029	215,000	93,520	308,520	185,000	114,102	299,102	165,000	87,475	252,475	225,000	122,244	347,244
2030	230,000	85,888	315,888	190,000	105,500	295,500	170,000	82,113	252,113	235,000	115,494	350,494
2031	240,000	77,722	317,722	200,000	96,000	296,000	180,000	76,163	256,163	245,000	108,150	353,150
2032	255,000	68,962	323,962	210,000	86,000	296,000	190,000	69,863	259,863	250,000	100,188	350,188
2033	270,000	59,654	329,654	220,000	75,500	295,500	200,000	62,975	262,975	260,000	91,750	351,750
2034	285,000	49,800	334,800	235,000	64,500	299,500	210,000	55,725	265,725	275,000	82,650	357,650
2035	300,000	38,400	338,400	245,000	52,750	297,750	220,000	47,850	267,850	285,000	73,024	358,024
2036	320,000	26,400	346,400	255,000	40,500	295,500	230,000	39,600	269,600	295,000	62,694	357,694
2037	340,000	13,600	353,600	270,000	27,750	297,750	240,000	30,400	270,400	305,000	52,000	357,000
2038	-	-	-	285,000	14,250	299,250	255,000	20,800	275,800	320,000	39,800	359,800
2039	-	-	-	-	-	-	265,000	10,600	275,600	330,000	27,000	357,000
2040	-	-	-	-	-	-	-	-	-	345,000	13,800	358,800
2041	-	-	-	-	-	-	-	-	-	-	-	-
	$ 4,070,000	$ 1,754,026	$ 5,824,026	$ 3,710,000	$ 2,160,418	$ 5,870,418	$ 3,575,000	$ 1,680,194	$ 5,255,194	$ 5,190,000	$ 2,427,734	$ 7,617,734

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEARS
FEBRUARY 28, 2018

	Unlimited Tax Bonds Series 2016			Unlimited Tax Bonds Series 2017			Total - All Series		
Fiscal Year Ending	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total	Principal Due 9/1	Interest Due 3/1, 9/1	Total
2019	$ 110,000	$ 95,928	$ 205,928	$ 140,000	$ 98,593	$ 238,593	$ 735,000	$ 802,650	$ 1,537,650
2020	115,000	94,717	209,717	135,000	74,675	209,675	765,000	766,721	1,531,721
2021	120,000	93,338	213,338	125,000	70,625	195,625	785,000	747,996	1,532,996
2022	125,000	91,717	216,717	125,000	66,875	191,875	810,000	726,955	1,536,955
2023	130,000	89,905	219,905	120,000	64,375	184,375	835,000	705,699	1,540,699
2024	135,000	87,825	222,825	100,000	61,975	161,975	855,000	682,811	1,537,811
2025	140,000	85,125	225,125	95,000	59,975	154,975	885,000	658,063	1,543,063
2026	145,000	82,325	227,325	85,000	58,075	143,075	910,000	631,863	1,541,863
2027	150,000	79,425	229,425	75,000	56,162	131,162	940,000	604,110	1,544,110
2028	155,000	76,425	231,425	65,000	54,100	119,100	970,000	574,508	1,544,508
2029	160,000	73,325	233,325	55,000	52,312	107,312	1,005,000	542,978	1,547,978
2030	170,000	69,725	239,725	40,000	50,800	90,800	1,035,000	509,520	1,544,520
2031	175,000	65,900	240,900	35,000	49,700	84,700	1,075,000	473,635	1,548,635
2032	180,000	61,525	241,525	25,000	48,475	73,475	1,110,000	435,013	1,545,013
2033	190,000	57,025	247,025	-	47,600	47,600	1,140,000	394,504	1,534,504
2034	195,000	52,275	247,275	-	47,600	47,600	1,200,000	352,550	1,552,550
2035	200,000	47,400	247,400	-	47,600	47,600	1,250,000	307,024	1,557,024
2036	210,000	41,400	251,400	-	47,600	47,600	1,310,000	258,194	1,568,194
2037	215,000	35,100	250,100	-	47,600	47,600	1,370,000	206,450	1,576,450
2038	225,000	28,650	253,650	-	47,600	47,600	1,085,000	151,100	1,236,100
2039	235,000	21,900	256,900	145,000	47,600	192,600	975,000	107,100	1,082,100
2040	245,000	14,850	259,850	420,000	42,525	462,525	1,010,000	71,175	1,081,175
2041	250,000	7,500	257,500	795,000	27,825	822,825	1,045,000	35,325	1,080,325
	$ 3,975,000	$ 1,453,305	$ 5,428,305	$ 2,580,000	$ 1,270,267	$ 3,850,267	$ 23,100,000	$ 10,745,944	$ 33,845,944

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
FEBRUARY 28, 2018

	Series 2012	Series 2013	Series 2014	Series 2015	Series 2016	Series 2017	Total
Interest Rate	2.0% - 4.0%	3.0% - 5.0%	2.0% - 4.0%	2.0% - 4.0%	1.1% - 3.0%	2.0% - 3.5%	
Dates Interest Payable	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	3/1 ; 9/1	
Maturity Dates	9/1/2036	9/1/2037	9/1/2038	9/1/2039	9/1/2040	9/1/2040	
Bonds Outstanding at Beginning of Current Period	$ 4,185,000	$ 3,815,000	$ 3,670,000	$ 5,335,000	$ 4,085,000	$ -	$ 21,090,000
Bonds Sold During the Current Period	-	-	-	-	-	2,580,000	2,580,000
Retirements During the Current Period:							
Principal	(115,000)	(105,000)	(95,000)	(145,000)	(110,000)	-	(570,000)
Refunded	-	-	-	-	-	-	-
Bonds Outstanding at End of Current Period	$ 4,070,000	$ 3,710,000	$ 3,575,000	$ 5,190,000	$ 3,975,000	$ 2,580,000	$ 23,100,000
Interest Paid During the Current Period	$ 142,980	$ 171,712	$ 125,213	$ 178,244	$ 95,141	$ -	$ 713,290
Paying Agent's Name and Address:	Regions Bank Houston, TX	Regions Bank Houston, TX	Regions Bank Houston, TX	Regions Bank Houston, TX	Regions Bank Houston, TX	Regions Bank Houston, TX	

Bond Authority:	Unlimited Tax Bonds	Refunding Bonds	Park and Recreational Facilities Bonds
Amount Authorized by Voters:	$ 52,460,000	$ -	$ 6,225,000
Amount Issued	24,490,000	-	-
Remaining To Be Issued	$ 27,970,000	$ -	$ 6,225,000

Debt Service Fund Cash and Temporary Investments balances as of February 28, 2018:	$ 1,747,545
Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt:	$ 1,471,563

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS
FEBRUARY 28, 2018

	Amounts					Percent of Fund Total Revenues				
	2/28/2018	2/28/2017	2/29/2016	2/28/2015*	9/30/2013	2/28/2018	2/28/2017	2/29/2016	2/28/2015*	9/30/2013
GENERAL FUND REVENUES:										
Property taxes, including penalties	$ 277,368	$ 225,328	$ 254,610	$ 236,819	$ 142,870	40.3%	26.9%	43.9%	21.4%	18.2%
Wastewater service revenues	303,094	268,439	244,677	246,536	138,449	44.2%	32.2%	42.3%	22.3%	17.7%
System connection/inspection fees	62,931	61,468	58,914	74,883	51,360	9.2%	7.4%	10.2%	6.8%	6.6%
Builder contribution fees	35,000	275,000	15,000	545,000	450,000	5.1%	33.1%	2.7%	49.5%	57.5%
Interest and other	8,091	3,252	5,600	251	147	1.2%	0.4%	0.9%	-	-
TOTAL GENERAL FUND REVENUES	686,484	833,487	578,801	1,103,489	782,826	100.0%	100.0%	100.0%	100.0%	100.0%
GENERAL FUND EXPENDITURES -										
Current:										
Inspection expenditures	6,800	10,400	4,400	13,200	14,600	1.0%	1.2%	0.8%	1.2%	1.9%
Water/wastewater repair and maintenance	86,552	73,582	157,963	116,070	31,339	12.6%	8.8%	27.3%	10.5%	4.0%
Water quality monitoring	-	11,365	14,343	10,880	15,462	0.0%	1.4%	2.5%	1.0%	2.0%
Sludge hauling	41,664	18,315	28,908	19,373	9,450	6.1%	2.2%	5.0%	1.8%	1.2%
Permit fees	1,250	1,250	1,250	3,916	1,250	0.2%	0.1%	0.2%	0.4%	0.2%
Chemicals/lab fees	23,890	17,711	14,416	16,473	11,346	3.5%	2.1%	2.5%	1.5%	1.4%
Operations fees	50,400	50,400	50,400	58,200	36,000	7.3%	6.0%	8.7%	5.3%	4.6%
Billing fees	6,725	6,625	6,275	9,550	6,525	1.0%	0.8%	1.1%	0.9%	0.8%
Utilities	38,285	33,518	35,021	54,876	29,038	5.6%	4.0%	6.1%	5.0%	3.7%
Director fees, including payroll taxes	8,558	8,881	7,751	12,434	9,366	1.2%	1.1%	1.3%	1.1%	1.2%
Legal fees	79,405	105,612	103,606	183,285	115,625	11.5%	12.7%	17.9%	16.6%	14.8%
Engineering fees	45,703	58,665	73,546	119,206	73,422	6.6%	7.0%	12.7%	10.8%	9.4%
Audit fees	9,000	12,800	11,000	9,500	7,500	1.3%	1.5%	1.9%	0.9%	1.0%
Bookkeeping fees	21,750	21,750	20,700	30,500	21,750	3.2%	2.6%	3.6%	2.8%	2.8%
Tax appraisal/collection fees	1,271	1,334	962	732	894	0.2%	0.2%	0.2%	0.1%	0.1%
Insurance	11,442	10,752	10,131	17,071	4,300	1.7%	1.3%	1.8%	1.5%	0.5%
Consulting fees	8,692	8,407	-	11,152	-	1.3%	1.0%	-	1.0%	-
Other	973	1,946	4,625	1,900	2,445	0.1%	0.2%	0.8%	0.2%	0.3%
Capital outlay	403,028	60,724	40,000	99,646	14,282	58.7%	7.3%	6.9%	9.0%	1.8%
TOTAL GENERAL FUND EXPENDITURES	845,388	514,037	585,297	787,964	404,594	123.1%	61.5%	101.3%	71.6%	51.7%
NET CHANGE IN FUND BALANCE	$ (158,904)	$ 319,450	$ (6,496)	$ 315,525	$ 378,232	-23.1%	38.5%	-1.3%	28.4%	48.3%
DEBT SERVICE FUND REVENUES:										
Property tax revenues, including penalties	$ 1,479,660	$ 1,298,088	$ 1,062,752	$ 1,304,571	$ 256,326	99.1%	99.6%	99.9%	100.0%	39.0%
Interest	13,755	5,087	1,476	425	338	0.9%	0.4%	0.1%	-	-
Bond activity, net	-	-	-	-	400,735	-	-	-	-	61.0%
TOTAL DEBT SERVICE FUND REVENUES	1,493,415	1,303,175	1,064,228	1,304,996	657,399	100.0%	100.0%	100.0%	100.0%	100.0%
DEBT SERVICE FUND EXPENDITURES:										
Bond principal	570,000	440,000	280,000	100,000	-	38.2%	33.8%	26.3%	7.7%	-
Bond interest	713,290	628,009	504,997	317,877	129,338	47.7%	48.2%	47.5%	24.4%	19.7%
Fiscal agent fees and other	16,187	9,467	7,629	5,428	1,980	1.1%	0.7%	0.7%	0.4%	0.3%
TOTAL DEBT SERVICE FUND EXPENDITURES	1,299,477	1,077,476	792,626	423,305	131,318	87.0%	82.7%	74.5%	32.5%	20.0%
EXCESS OF DEBT SERVICE FUND REVENUES OVER EXPENDITURES	$ 193,938	$ 225,699	$ 271,602	$ 881,691	$ 526,081	13.0%	17.3%	25.5%	67.5%	80.0%
TOTAL ACTIVE RETAIL WATER CONNECTIONS	- (1)	- (1)	- (1)	- (1)	- (1)					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	376	361	273	260	223					

(1) The District's residents receive water service from the West Travis County Public Utility Agency.

* For the seventeen-month period ended February 28, 2015.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2018

Complete District Mailing Address:	1108 Lavaca Street, Suite 510, Austin, TX 78701
District Business Telephone Number:	(512) 518-2424
Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054):	May 10, 2018
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	$7,200

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 2/28/2018	Expense Reimbursements 2/28/2018	Title at Year End
Board Members:				
BRAD PHILP	(Elected) 5/7/2016 - 5/2/2020	$ 1,500	$ 27	President
MIALINDA FRANCIS	(Elected) 5/5/2018 - 5/7/2022	$ -	$ -	Vice-President
STEPHANIE NUN	(Elected) 5/7/2016 - 5/2/2020	$ 1,950	$ 35	Secretary
PATRICK HOBBS ALLISON, JR.	(Appointed) 5/10/2018 - 5/2/2020	$ 1,650	$ 30	Assistant Secretary
MARCUS WHITFIELD	(Elected) 5/5/2018 - 5/7/2022	$ 1,650	$ 47	Assistant Secretary
Consultants:				
Allen Boone Humphries Robinson LLP	9/30/2010	$ 76,284	$ -	Attorney
		$ 80,014	$ -	Bond Related Services
Crossroads Utility Services LLC	1/28/2011	$ 123,041	$ -	Operator
Jones & Carter, Inc.	9/29/2009	$ 104,307	$ -	Engineer
		$ 35,117	$ -	Bond Related Services
Bott & Douthitt, PLLC	8/13/2009	$ 20,000	$ 154	District Accountant
McCall Gibson Swedlund Barfoot PLLC	9/29/2011	$ 9,000	$ -	Auditor
		$ 7,900	$ -	Bond Related Services
Robert W. Baird & Co. Incorporated	1/8/2015	$ 56,499	$ -	Financial Advisor
Travis County Tax Collector	7/17/2008	$ 713	$ -	Tax Collector

**Fees of Office* are the amounts actually paid to a director during the District's fiscal year.

OTHER SUPPLEMENTARY INFORMATION

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
OSI-1. PRINCIPAL TAXPAYERS
FEBRUARY 28, 2018

Taxpayer	Type of Property	Tax Roll Year **2017**	 2016	 2015
Drees Custom Homes LP	N/A	**$ 4,192,241**	$ 3,111,321	$ 4,175,346
Highland Homes - Austin Ltd.	N/A	**2,738,146**	1,498,435	2,106,797
Taylor Morrison of Texas Inc.	N/A	**2,210,758**	3,718,555	2,669,281
Homeowner	N/A	**776,791**	775,061	739,498
Homeowner	N/A	**763,200**	773,414	739,911
Homeowner	N/A	**755,372**	-	-
Homeowner	N/A	**754,706**	-	-
Homeowner	N/A	**745,746**	746,305	707,959
Drees Custom Homes LP	N/A	**743,951**	742,544	1,553,882
Homeowner	N/A	**741,455**	-	-
Highland Homes - Austin Ltd.	N/A	**-**	1,033,410	1,718,732
Homeowner	N/A	**-**	778,080	-
Homeowner	N/A	**-**	714,881	-
RC Travis LP	N/A	**-**	-	796,263
Drees Custom Homes LP	N/A	**-**	-	709,600
Total		**$ 14,422,366**	$ 13,892,006	$ 15,917,269
Percent of Assessed Valuation		**7.8%**	8.7%	11.6%

Source: Travis County Appraisal District

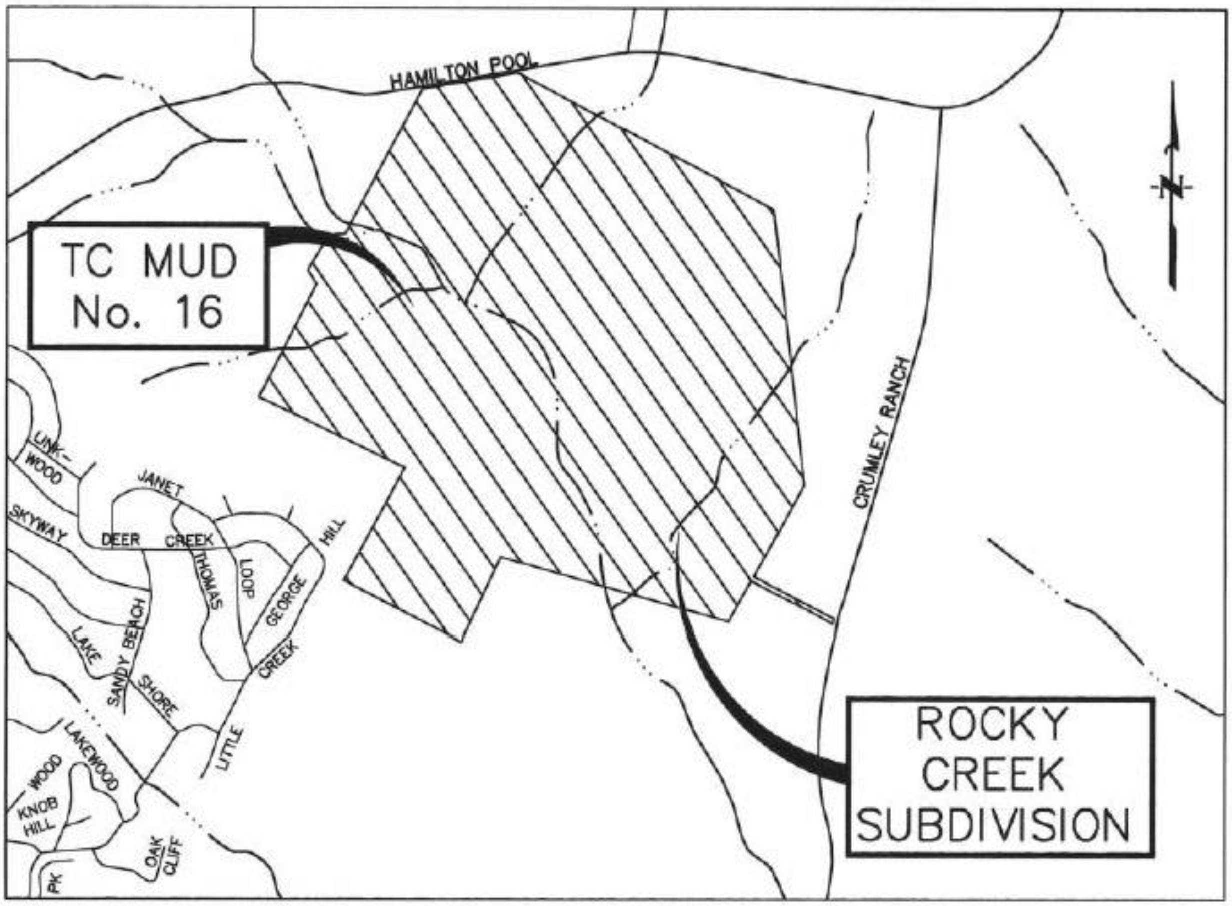
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 16
OSI-2. ASSESSED VALUE BY CLASSIFICATION
FEBRUARY 28, 2018

	Tax Roll Year					
	2017		2016		2015	
Type of Property	**Amount**	%	Amount	%	Amount	%
Single Family Residence	**$ 169,527,946**	**91.5%**	$ 147,495,777	92.4%	$ 123,177,191	90.1%
Vacant Lot	**445,720**	**0.2%**	800	-	6,733,640	4.9%
Qualified Ag Land	**40,201**	**0.0%**	426,109	0.3%	465,387	0.3%
Commercial Personal Property	**496,711**	**0.3%**	606,823	0.4%	203,568	0.1%
Residential Inventory	**15,767,920**	**8.5%**	12,143,554	7.6%	7,551,488	5.5%
Less: Exemptions/Adjustments	**(1,296,493)**	**(0.5)%**	(999,462)	(0.7)%	(1,406,240)	(0.9)%
Total	**$ 184,982,005**	**100.0%**	$ 159,673,601	100.0%	$ 136,725,034	100.0%

Source: Travis County Appraisal District

APPENDIX B

LOCATION MAP OF THE DISTRICT



APPENDIX C

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100