

OFFICIAL STATEMENT DATED JUNE 10, 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 (BAM Insured)..... "AA"

\$5,025,000

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28

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

UNLIMITED TAX BONDS

SERIES 2019

Dated: June 1, 2019

Due: October 1, as shown on inside cover

The \$5,025,000 Unlimited Tax Bonds, Series 2019 (the "Bonds"), are obligations of Williamson County Municipal Utility District No. 28 (the "District") and are not obligations of the State of Texas; Williamson County, Texas; the City of Georgetown, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Williamson County, Texas; the City of Georgetown, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from June 1, 2019, and is payable April 1, 2020, and on each October 1 and April 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by 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 are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which, in turn, will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System" herein for further information.

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

The Bonds are the second series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing water, sewer, and drainage facilities serving the District. When issued, the Bonds will constitute valid and binding obligations of the District and will be payable from the proceeds of continuing, direct ad valorem tax, without legal limitation as to rate or amount, levied upon 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 a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



Investment in the Bonds is subject to certain risk factors as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "RISK FACTORS," before making an investment decision. See "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Austin, Texas, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel. Delivery of the Bonds is expected on or about June 27, 2019.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS

Maturity (October 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (October 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2020	\$80,000	4.500%	1.750%	97001Y CA6	2032 (c)	\$195,000	3.000%	2.900%	97001Y CN8
2021	130,000	4.500%	1.800%	97001Y CB4	2033 (c)	205,000	3.000%	2.950%	97001Y CP3
2022	135,000	4.500%	1.850%	97001Y CC2	2034 (c)	210,000	3.000%	3.000%	97001Y CQ1
2023	140,000	4.500%	1.900%	97001Y CD0	2035 (c)	220,000	3.000%	3.040%	97001Y CR9
2024	145,000	4.500%	1.950%	97001Y CE8	2036 (c)	225,000	3.000%	3.080%	97001Y CS7
2025 (c)	150,000	3.000%	2.050%	97001Y CF5	2037 (c)	235,000	3.000%	3.100%	97001Y CT5
2026 (c)	155,000	3.000%	2.150%	97001Y CG3	2038 (c)	245,000	3.000%	3.120%	97001Y CU2
2027 (c)	165,000	3.000%	2.300%	97001Y CH1	2039 (c)	255,000	3.000%	3.140%	97001Y CV0
2028 (c)	170,000	3.000%	2.450%	97001Y CJ7	2040 (c)	265,000	3.000%	3.160%	97001Y CW8
2029 (c)	175,000	3.000%	2.600%	97001Y CK4	2041 (c)	270,000	3.000%	3.180%	97001Y CX6
2030 (c)	180,000	3.000%	2.700%	97001Y CL2	2042 (c)	285,000	3.000%	3.200%	97001Y CY4
2031 (c)	190,000	3.000%	2.800%	97001Y CM0					

\$600,000 Term Bonds Due October 1, 2044 (c) (d), Interest Rate: 3.000% (Price: \$96.381) (a), CUSIP No. 97001Y DA5 (b)

-
- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (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) Bonds maturing on October 1, 2025, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on October 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 of the Bonds – *Optional Redemption*."
- (d) Subject to mandatory redemption by lot or other customary method of random selection on October 1 in the years and in the amounts as set forth herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."

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.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this 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 Bond Counsel, for further information.

The Financial Advisor (herein defined) has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an 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.

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 other matters described herein since the date hereof. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT – Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purposes.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT ..	1	OFFICIAL STATEMENT SUMMARY	7
INTRODUCTION	3	INTRODUCTION	12
SALE AND DISTRIBUTION OF THE BONDS	3	RISK FACTORS	12
Award of the Bonds	3	General	12
Prices and Marketability	3	Factors Affecting Taxable Values and Tax	
Securities Laws	3	Payments	12
Delivery of Official Statements	4	Competitive Nature of Austin Residential	
MUNICIPAL BOND INSURANCE	4	Housing Market	14
Bond Insurance Policy	4	Tax Collection Limitations	14
Build America Mutual Assurance Company	4	Registered Owners’ Remedies and Bankruptcy ..	14
RATING	5	Marketability	14

Future Debt.....	15	Bonded Indebtedness	39
Continuing Compliance with Certain Covenants	15	Direct and Estimated Overlapping Debt	
Environmental Regulations.....	15	Statement.....	40
Changes in Tax Legislation	18	Debt Ratios.....	40
2019 Legislative Session.....	18	TAXING PROCEDURES.....	40
Bond Insurance Risk Factors	18	Authority to Levy Taxes.....	40
THE BONDS.....	19	Property Tax Code and County-Wide Appraisal	
General.....	19	District.....	41
Book-Entry-Only System	19	Property Subject to Taxation by the District.....	41
Successor Paying Agent/Registrar	21	Tax Abatement.....	42
Registration, Transfer and Exchange.....	21	Valuation of Property for Taxation.....	42
Funds	21	District and Taxpayer Remedies.....	43
Record Date for Interest Payment.....	22	Levy and Collection of Taxes	43
Redemption of the Bonds	22	Rollback of Operation and Maintenance Tax	
Mutilated, Lost, Stolen or Destroyed Bonds.....	23	Rate	44
Outstanding Bonds	23	District's Rights in the Event of Tax	
Authority for Issuance	23	Delinquencies.....	45
Source of Payment.....	24	TAX DATA	45
Issuance of Additional Debt	24	General.....	45
No Arbitrage.....	25	Tax Rate Limitation.....	46
Defeasance	25	Maintenance Tax.....	46
Legal Investment and Eligibility to Secure		Additional Penalties.....	46
Public Funds in Texas	26	Tax Rate Calculations.....	46
Registered Owners' Remedies	26	Estimated Overlapping Taxes.....	46
Short-Term Debt	26	Historical Tax Collections.....	47
Use and Distribution of Proceeds of Bonds.....	27	Tax Rate Distribution.....	47
THE DISTRICT.....	28	Taxable Assessed Valuation Summary.....	47
Authority.....	28	Principal Taxpayers.....	48
Description.....	28	LEGAL MATTERS.....	48
Management of the District.....	28	Legal Opinions.....	48
Investment Policy	28	No-Litigation Certificate	49
Consultants	29	No Material Adverse Change.....	49
General Fund Operating Statement	30	TAX MATTERS	49
Agreements with the City	30	Tax Accounting Treatment of Original Issue	
DEVELOPMENT OF THE DISTRICT.....	32	Discount Bonds.....	50
Status of Development within the District.....	32	Qualified Tax-Exempt Obligations.....	51
Homebuilders within the District.....	32	CONTINUING DISCLOSURE OF INFORMATION.....	51
Lot-Sales Contracts.....	32	Annual Reports	51
THE DEVELOPER.....	33	Event Notices	51
Role of the Developer	33	Availability of Information from EMMA	52
The Developer	33	Limitations and Amendments.....	52
Development Financing	33	Compliance with Prior Undertakings	53
THE UTILITY SYSTEM.....	34	OFFICIAL STATEMENT.....	53
Regulation	34	General.....	53
Water Supply	34	Experts.....	53
Wastewater Treatment	34	Certification as to Official Statement.....	53
Drainage.....	34	Updating of Official Statement.....	53
100 Year Flood Plain	34	CONCLUDING STATEMENT.....	54
THE ROAD SYSTEM.....	35	APPENDIX A Financial Statements of the District	
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT.....	36	APPENDIX B Specimen Municipal Bond	
DISTRICT DEBT.....	38	Insurance Policy	
Debt Service Requirement Schedule	38		

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Williamson County Municipal Utility District No. 28 (the "District") of its \$5,025,000 Unlimited Tax Bonds, Series 2019 (the "Bonds").

The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Resolution"); the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District and passed by a majority of the participating voters; and an order of the Texas Commission on Environmental Quality.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the 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 "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.000000% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.238795%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

Subject to certain restrictions described in the Official Notice of Sale, the District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices 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.

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 or held at initial offering prices. For this purpose, the term "public" shall not include any person who is a bondhouse, 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 responsibility of the Initial Purchaser.

Subject to certain restrictions described in the Official Notice of Sale, 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 THIS OFFERING, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, in reliance upon 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 acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any 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 should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Delivery of Official Statements

The District shall furnish to the Initial Purchaser (and to each participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the District and the Initial Purchaser. The District also shall furnish to the Initial Purchaser a like number of any supplements or amendments approved and authorized for distribution by the District for dissemination to potential underwriters of the Bonds, as well as such additional copies of the Official Statement or any such supplements or amendments as the Initial Purchaser may reasonably request prior to the 90th day after the end of the underwriting period described in SEC Rule 15c2-12(f)(2). The District shall pay the expense of preparing the number of copies of the Official Statement agreed upon between the District and the Initial Purchaser and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchaser shall pay for all other copies of the Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) 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 included as “APPENDIX B” 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.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law. BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$513.9 million, \$105 million and \$408.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under this heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

RATING

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the Policy issued by BAM at the time of the delivery of the Bonds. 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). 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. Any such revisions or withdrawal of the rating 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 rating of S&P.

[Remainder of this page intentionally left blank]

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

- The District..... Williamson County Municipal Utility District No. 28 (the “District”), a political subdivision of the State of Texas, is located in Williamson County, Texas. See “THE DISTRICT.”

- The Bonds..... The District’s \$5,025,000 Unlimited Tax Bonds, Series 2019 (the “Bonds”) are dated June 1, 2019, and mature on October 1 in each of the years and in the principal amounts set forth on the inside cover page hereof. Interest on the Bonds accrues from June 1, 2019, at the rates set forth on the inside cover page hereof and is payable April 1, 2020, and each October 1 and April 1 thereafter until the earlier of stated maturity or redemption. See “THE BONDS.”

- Redemption..... The Bonds maturing on or after October 1, 2025, are subject to redemption, in whole or from time to time in part, on October 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 of the Bonds – *Optional Redemption*.” The Bonds maturing on October 1, 2044, are also subject to the mandatory redemption provisions as set out herein under “THE BONDS – Redemption of the Bonds – *Mandatory Redemption*.”

- Book-Entry-Only System..... The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the book-entry-only system described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by Zions Bancorporation, National Association, Houston, Texas (the “Paying Agent/Registrar”), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry-Only System.”

- Authority for Issuance..... The Bonds are issued pursuant to a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the “Bond Resolution”); the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District and passed by a majority of the participating voters; and an order of the Texas Commission on Environmental Quality (“TCEQ”). See “THE BONDS – Authority for Issuance.”

- Source of Payment..... The Bonds are payable from the proceeds of a continuing, direct ad valorem tax, unlimited as to rate or amount, levied annually by the District against all taxable property located within the District. The Bonds are obligations of the District and are not obligations of the

State of Texas; Williamson County, Texas; the City of Georgetown, Texas; or any entity other than the District. See “THE BONDS – Source of Payment.”

Outstanding Bonds	The District has previously issued the following two series of bonds: \$8,250,000 Unlimited Tax Bonds, Series 2018, and \$1,780,000 Unlimited Tax Road Bonds, Series 2018. Of such two series of bonds previously issued by the District, all \$10,030,000 principal amounts remains outstanding as of May 1, 2019 (the “Outstanding Bonds”).
Short-Term Debt.....	In connection with the Bonds, the District has issued its \$3,296,000 Bond Anticipation Note, Series 2018, dated December 5, 2018 (the “BAN”), and distributed proceeds from sale of the BAN as described below. The BAN accrues interest at a rate of 3.00% per year (computed on the basis of a 365-day year) and matures on December 4, 2019, unless called for redemption prior to maturity.
Use of Proceeds of the Bonds.....	Proceeds from sale of the Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer (herein defined) for a portion of the construction costs set out herein under “THE BONDS – Use and Distribution of Proceeds of Bonds.” Proceeds of the Bonds will also be used to: reimburse the Developer for the portion of said construction costs that was not reimbursed by the BAN, pay twelve (12) months of capitalized interest on the Bonds, and pay costs of issuance associated with the BAN and the Bonds. See “THE BONDS – Use and Distribution of Proceeds of Bonds” for further information.
Qualified Tax-Exempt Obligations.....	The Bonds have been designated “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”
Municipal Bond Insurance	Build America Mutual Assurance Company. See “MUNICIPAL BOND INSURANCE” above.
Rating.....	S&P (BAM Insured): “AA.” See “RATING” above.
Legal Opinion	Allen Boone Humphries Robinson LLP, Austin, Texas. See “LEGAL MATTERS.”
Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Financial Advisor.....	Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description.....	The District is a political subdivision of the State of Texas located approximately two miles west of the downtown area of the City of Georgetown, Texas. The District consists of approximately 260.175 total acres situated entirely within the corporate limits of City of Georgetown. The District is a municipal utility district created by an order of the TCEQ dated effective April 23, 2015, and operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended, and other statutes of Texas applicable to municipal utility districts. See “THE DISTRICT.”
Development within the District.....	To date, approximately 137.80 acres within the District have been developed as 386 total single-family lots in the residential subdivision of Wolf Ranch West, Section 1A, Phases 1, 2, and 3 and Section 2, Phases 1 and 2. As of May 14, 2019, the District included

approximately 215 completed homes (approximately 187 occupied, 21 unoccupied, and 7 model homes); approximately 44 homes under construction (approximately 30 of which being under contract for sale to homebuyers); and approximately 127 vacant developed lots. In addition, the single-family residential subdivision of Wolf Ranch West, Section 4A, is currently under construction, and, upon completion (scheduled for September of 2019), such section will include the development of 174 lots within the subdivision of approximately total 74.43 acres. The District also includes two multi-family residential properties. Approximately 47.95 acres in the District have been subdivided as Wolf Ranch West, Section 1B, which includes the following multi-family developments that are complete and actively leasing: Hillstone at Wolf Ranch, a 332-unit project by Leon Capital Group, and Retreat at Wolf Ranch, a 303-unit complex by McCann Realty Partners. The subdivisions within the District referenced above include a total of approximately 122.55 acres dedicated to drainage easements (approximately 8.58 acres), parkland and open spaces (approximately 62.21 acres), roads (approximately 37.56 acres), an amenity center (approximately 2.23 acres), water quality and detention ponds (approximately 11.91 acres), and a lift station (approximately 0.06 acres).

The Developer.....Land within the District is being developed by Hillwood Development Company, LLC (“Hillwood”). Hillwood, a Perot Company, is a Dallas-based national real estate development company owned by H. Ross Perot, Jr., with over 30 years of experience developing land in Texas. Hillwood’s development expertise and experience encompasses diverse product types, including: sports 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.

Hillwood has formed H4 WR, LP; H4WR Phase 1 LLC; H4WR Phase 2 LLC; and other entities through which it owns and develops land in the District. Hillwood and its affiliates that own property in the District (such as H4 WR, LP; H4WR Phase 1 LLC; and H4WR Phase 2 LLC) are collectively referred to herein as the “Developer.” See “THE DEVELOPER” and “DEVELOPMENT OF THE DISTRICT.”

Homebuilders within the District.....Homebuilders who are currently active in the District include Coventry Homes, David Weekley Homes, Drees Custom Homes, M/I Homes, Perry Homes, and Wilshire Homes. Prices of homes being constructed in the District range from \$300,000–\$600,000. See “DEVELOPMENT OF THE DISTRICT – Homebuilders within the District.”

RISK FACTORS

THE DISTRICT’S TAXES ARE LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON. THE BONDS ARE SUBJECT TO CERTAIN RISK FACTORS. PROSPECTIVE PURCHASERS SHOULD REVIEW THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “RISK FACTORS,” BEFORE MAKING AN INVESTMENT DECISION.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2018 Taxable Assessed Valuation.....	\$ 97,502,926 (a)
2019 Preliminary Valuation.....	\$ 181,825,651 (b)
Estimate of Value as of April 15, 2019.....	\$ 190,100,000 (c)
Direct Debt:	
The Outstanding Bonds (as of May 1, 2019)	\$ 10,030,000
The Bonds	<u>\$ 5,025,000</u>
Total.....	\$ 15,055,000
Estimated Overlapping Debt	<u>\$ 7,591,675 (d)</u>
Total Direct and Estimated Overlapping Debt	\$ 22,646,675 (d)
Direct Debt Ratios:	
As a percentage of the 2018 Taxable Assessed Valuation.....	15.44 %
As a percentage of the 2019 Preliminary Valuation	8.28 %
As a percentage of the Estimate of Value as of April 15, 2019	7.92 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of the 2018 Taxable Assessed Valuation.....	23.23 %
As a percentage of the 2019 Preliminary Valuation	12.46 %
As a percentage of the Estimate of Value as of April 15, 2019	11.91 %
Utility System Debt Service Fund Balance (as of May 20, 2019)	\$553,977 (e)
Road System Debt Service Fund Balance (as of May 20, 2019).....	\$114,765 (f)
General Operating Fund Balance (as of May 20, 2019).....	\$225,768

-
- (a) Represents the taxable assessed valuation as of January 1, 2018, of all taxable property in the District, as certified by the Williamson Central Appraisal District. 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 the Williamson Central Appraisal District. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on this preliminary value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) Provided by the Williamson Central Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of April 15, 2019, and includes an estimate of additional taxable value resulting from additional of taxable improvements constructed in the District from January 1, 2018, through April 15, 2019. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (d) See "DISTRICT DEBT - Direct and Estimated Overlapping Debt Statement."
- (e) In addition to this amount, twelve (12) months of capitalized interest on the Bonds will be deposited into this fund upon closing and delivery of the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (herein defined).
- (f) Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System (herein defined), including the Bonds.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2018 Tax Rate per \$100 of Taxable Assessed Valuation	
Utility System Debt Service	\$0.25 (a)
Road System Debt Service	\$0.05 (a)
Maintenance and Operation.....	<u>\$0.35</u>
Total.....	\$0.65
Average Annual Debt Service Requirement (2019–2044)	\$885,070 (b)
Maximum Annual Debt Service Requirement (2043).....	\$983,656 (b)
Combined Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2019–2044)	
Based on the 2018 Taxable Assessed Valuation at 95% Tax Collections	\$0.96 (c)
Based on the 2019 Preliminary Valuation at 95% Tax Collections.....	\$0.52 (c)
Based on the Estimate of Value as of April 15, 2019, at 95% Tax Collections.....	\$0.50 (c)
Combined Debt Service Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2043)	
Based on the 2018 Taxable Assessed Valuation at 95% Tax Collections	\$1.07 (c)
Based on the 2019 Preliminary Valuation at 95% Tax Collections.....	\$0.57 (c)
Based on the Estimate of Value as of April 15, 2019, at 95% Tax Collections.....	\$0.55 (c)

-
- (a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount. The District intends to use the proceeds of such debt service taxes as well as the Rebate (herein defined) to pay debt service on the Bonds and the Outstanding Bonds (herein defined). The Rebate, however, is not pledged to the payment of debt service on the Bonds or the Outstanding Bonds. See "THE BONDS – Source of Payment" and "THE DISTRICT – Agreements with the City."
- (b) Represents a requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."
- (c) Represents the amount of the combined debt service tax rate that is necessary to meet the requirement of debt service based on the corresponding valuation of the District and a collection rate of 95%. Such amounts do not reflect the District's use of funds from the Rebate towards payment of debt service on the Bonds and the Outstanding Bonds. Should the District apply all funds that it receives from the Rebate towards payment of debt service of the Bonds and the Outstanding Bonds during each year that the Bonds remain outstanding, then, based on the amount of Rebate due from the corresponding valuation of the District and 95% collections, the necessary amount of each combined debt service tax rate will be \$0.15 less than the amount noted above. While the District intends to use the Rebate to pay a portion of the debt service on the Bonds and the Outstanding Bonds, the Rebate is not pledged to the payment of debt service on the Bonds or the Outstanding Bonds. See "THE BONDS – Source of Payment" and "THE DISTRICT – Agreements with the City."

INTRODUCTION

This Official Statement of Williamson County Municipal Utility District No. 28 (the "District") is provided to furnish information with respect to the issuance by the District of its \$5,025,000 Unlimited Tax Bonds, Series 2019 (the "Bonds").

The Bonds are issued pursuant to (i) the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code; (ii) an election held within the District and passed by a majority of the participating voters; (iii) a resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"); and (iv) an order of the Texas Commission on Environmental Quality ("TCEQ").

This Official Statement includes descriptions of the Bonds, the Developer (herein defined), the Bond Resolution, and certain information about the District and its finances. Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolution. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, Texas 78701, upon payment of the costs of duplication therefor.

RISK FACTORS

General

The Bonds, which are obligations of the District and not of the State of Texas, Williamson County, Texas, the City of Georgetown, Texas (the "City"), or any political subdivision other than the District, will be secured by the proceeds of a continuing, direct ad valorem tax, without legal limitation as to rate or amount, levied annually by the District against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the 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 OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

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

Principal Landowner/Developer: There is no commitment by, or legal requirement of, the principal landowners, the Developer, or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "THE DEVELOPER," and "TAX DATA - Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official

Statement under the caption “TAX DATA – Principal Taxpayers,” for the 2018 tax year, the District’s principal taxpayers owned property located within the District the aggregate assessed valuation of which comprised approximately 70.30% of the District’s total taxable assessed valuation as of original certification of the 2018 appraisal rolls. In the event that the Developer, any other taxpayer, or any combination of taxpayers should default in the payment of taxes in an amount which exceeds the District’s debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See “TAX DATA – Principal Taxpayers” and “TAXING PROCEDURES – Levy and Collection of Taxes.”

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The taxable assessed valuation as of January 1, 2018, of all taxable property located within the District is \$97,502,926, the preliminary valuation as of January 1, 2019, is \$181,825,651, and the estimate of value as of April 15, 2019, is \$190,100,000. See “TAX DATA.” After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds (hereinafter defined) and the Bonds (2043) is \$983,656, and the average annual debt service requirement on the Outstanding Bonds and the Bonds (2019–2044) is \$885,070. Assuming no decrease to the District’s taxable assessed valuation as of January 1, 2018, combined debt service tax rates of \$1.07 and \$0.96 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease to the District’s preliminary valuation as of January 1, 2019, combined debt service tax rates of \$0.57 and \$0.52 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the estimate of value as of April 15, 2019, combined debt service tax rates of \$0.55 and \$0.50 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

In 2018, the District levied a total tax rate of \$0.65 per \$100 of taxable assessed valuation composed of the following: a tax in the amount of \$0.35 for maintenance and operations purposes; a tax in the amount of \$0.25 for payment of debt service on the Outstanding Bonds issued for the Utility System (hereinafter defined); and a tax in the amount of \$0.05 for payment of debt service on the Outstanding Bonds issued for the Road System (hereinafter defined). The District is authorized to levy separate debt service taxes, both of which unlimited as to rate or amount, for road debt and water and sewer debt. The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

In addition to the revenues that the District will receive from its annual levy of a tax for payment of debt service on the Bonds, the District anticipates that a portion of the debt service on the Bonds will be paid with the Rebate (hereinafter defined) that the District will receive from the City under the terms of the 552 Agreement (hereinafter defined). Until payments of the Rebate accumulate to the Maximum Reimbursement Amount (hereinafter defined) of \$25,000,000 or the 552 Agreement otherwise expires under its provisions, the Rebate is to be paid to the District by the City on an annual basis in an amount that is equal to the tax revenues received by the City that are attributable to taxable property located within the District from a tax in the amount of \$0.15 per \$100 of taxable assessed valuation, which represents \$0.15 per \$100 of taxable assessed valuation out of the amount of the total tax rate to be levied annually by the City upon all taxable property within the District. While the District intends to use the Rebate to pay a portion of debt service on the Bonds, the Rebate is not pledged to the payment of debt service on the Bonds. See “THE BONDS – Source of Payment” and “THE DISTRICT – Agreements with the City.”

Competitive Nature of Austin Residential Housing Market

The housing industry in the Austin area is very competitive, but the District can give no assurance that the building programs which are planned by any homebuilder will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collection Limitations

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 a 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 ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two (2) years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayer's right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners") have a right to seek a writ of mandamus requiring the District to levy sufficient 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Marketability

The District has no understanding (other than the initial reoffering yields) with the winning bidder for the Bonds (the "Initial Purchaser") regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

The Bonds are the second series of bonds to be issued by the District out of an aggregate \$69,810,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing facilities necessary to provide water, sanitary sewer, and storm water drainage systems serving the District (the "Utility System") and for the refunding of bonds issued by the District for the Utility System. Following issuance of the Bonds, \$56,535,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and for the refunding of bonds issued for the Utility System, will remain authorized but unissued.

Voters of the District have also authorized the District's issuance of an aggregate \$14,755,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing roads and improvements in aid thereof to serve the District (the "Road System") and for the refunding of bonds issued by the District for the Road System. To date, the District has issued one series of bonds from said voted authorization, and \$12,975,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and for the refunding of bonds issued for the Road System, remains authorized but unissued.

In addition, the District's voters have authorized the District's issuance of an aggregate \$34,580,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational improvements within the District and for refunding of bonds issued by the District for such purpose. To date, the District has issued no bonds from its voted authorization for parks and recreational improvements.

Following issuance of the Bonds, the District has the right to issue the remaining \$56,535,000 unlimited tax bonds authorized but unissued for the Utility System and for the refunding of such bonds; the remaining \$12,975,000 principal amount of unlimited tax bonds authorized but unissued for the Road System and for the refunding of such bonds; the \$34,580,000 unlimited tax bonds authorized but unissued for park and recreational improvements and for refunding of such bonds; and any additional bonds as may hereafter be approved by both the Board and voters of the District. See "THE BONDS – Issuance of Additional Debt." The District also has the right to issue certain other additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Resolution.

Issuance of the remaining \$56,535,000 principal amount of unlimited tax bonds for the Utility System and the \$34,580,000 principal amount of unlimited tax bonds authorized for park and recreational improvements shall be subject to prior approval by the TCEQ. The District's issuance of the remaining \$12,975,000 principal amount of unlimited tax bonds for acquiring or constructing the Road System is not subject to approval by the TCEQ.

Following issuance of the Bonds, the District will owe the Developer approximately \$8,987,690 for expenditures to construct the Utility System, \$1,249,561 for expenditures to construct the Road System, and approximately \$172,918 for expenditures to construct parks and recreational facilities. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Environmental Regulations

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 Texas Commission on Environmental Quality (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:

Certain governmental entities regulate groundwater usage in the Austin Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’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. Subsequently, on May 28, 2019, the U.S. District Court for the Southern District of Texas found that the CWR violated the notice-and-comment requirements of the Administrative Procedures Act, remanded the CWR to the EPA and USACE, and ordered that the preliminary injunction issued September 12, 2018, remain in place pending the proceedings on remand.

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 took 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.

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 concluded on May 27, 2019. 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.

Bond Insurance Risk Factors

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 provider of the Policy (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. See “MUNICIPAL BOND INSURANCE.”

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 nor the Initial Purchaser have 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 of 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.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution. A copy of the Bond Resolution may be obtained from the District upon written request made to Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, Texas 78701.

The Bonds are dated June 1, 2019, with interest payable on April 1, 2020, and each October 1 and April 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. The Bonds are fully registered bonds maturing on October 1 of the years shown on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the Registered Owners at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association, Houston, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to 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 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.

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 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 and the Financial Advisor (herein defined) believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (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.

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.

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 Issue 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, principal, and interest 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 the District or Paying Agent/Registrar, 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, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The 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 the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Funds

The Bond Resolution confirms the District's fund for payment of debt service on the Bonds, the Outstanding Bonds issued for the Utility System, and any additional unlimited tax bonds that the District may hereafter issue for the Utility System (the "Utility System Debt Service Fund"). Accrued interest on the Bonds as well as twelve (12) months of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Utility System Debt Service Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Bonds issued for the Utility System, and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Bonds, the Outstanding Bonds issued for the Utility System, and any of the District's other duly authorized bonds issued for the Utility System that are payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Outstanding

Bonds issued for the Utility System, and any additional bonds for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on the Outstanding Bonds issued for the Road System or any other bonds that the District may hereafter issue for the Road System. Similarly, amounts on deposit in the Road System Debt Service Fund (defined below) may not be used to pay debt service on the District's bonds issued for the Utility System, including the Bonds.

In connection with the Outstanding Bonds issued for the Road System, the District has established a fund for payment of debt service on the Outstanding Bonds issued for the Road System and any additional unlimited tax bonds that the District may hereafter issue for the Road System (the "Road System Debt Service Fund"). The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds issued for the Road System and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District and is to be used for payment of debt service on the Outstanding Bonds issued for the Road System and any of the District's other duly authorized bonds issued for the Road System that are payable in whole or in part from taxes. Amounts on deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Outstanding Bonds issued for the Road System and any additional bonds for the Road System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on the Bonds, the Outstanding Bonds issued for the Utility System, or any other bonds that the District may hereafter issue for the Utility System. Similarly, amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued for the Road System.

Record Date for Interest Payment

Interest on the Bonds will be paid to the Registered Owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the fifteenth calendar day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the Registered Owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of non-payment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner of a Bond appearing in the registration and transfer books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing such notice.

Redemption of the Bonds

Optional Redemption

The Bonds that mature on October 1, 2025, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on October 1, 2024, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending

such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Bonds that mature on October 1, 2044 (“Term Bonds”), are also subject to mandatory sinking fund redemption by the District by lot or other customary random method prior to scheduled maturity on October 1 in the years set out below (“Mandatory Redemption Dates”) and in the amounts set forth below, subject to proportionate reductions as described below, at a redemption price of par plus accrued interest to the date of redemption:

\$600,000 Term Bonds Maturing on October 1, 2044	
<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
October 1, 2043	\$295,000
October 1, 2044 (Maturity)	\$305,000

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the direction of the District, by the principal amount of any Term Bonds which, at least 30 days prior to a Mandatory Redemption Date, (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and cancelled by the Paying Agent/Registrar at the request of the District with monies in the Utility System Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Outstanding Bonds

The District has previously issued the following two series of bonds: \$8,250,000 Unlimited Tax Bonds, Series 2018, and \$1,780,000 Unlimited Tax Road Bonds, Series 2018. Of such two series of bonds previously issued by the District, all \$10,030,000 principal amounts remains outstanding as of May 1, 2019 (the “Outstanding Bonds”).

Authority for Issuance

The Bonds are the second series of bonds to be issued by the District out of an aggregate \$69,810,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing the Utility System and for the refunding of bonds issued by the District for the Utility System.

Following issuance of the Bonds, \$56,535,000 principal amount of unlimited tax bonds for acquiring or constructing the Utility System, and for the refunding of such bonds, will remain authorized but unissued.

The Bonds are issued pursuant to: an order of the TCEQ; the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code applicable to municipal utility districts created under Section 59, Article XVI, Texas Constitution; the Bond Resolution; and an election held in the District and passed by a majority of participating voters.

Source of Payment

The Bonds are payable from the proceeds of a continuing, direct ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy sufficient taxes to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Williamson Central Appraisal District (the "Appraisal District"). Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Utility System, any additional bonds payable from taxes that may be issued for the Utility System, and fees of the Paying Agent/Registrar.

Bonds issued for the Utility System and for the Road System are each supported by the proceeds of a separate unlimited tax levied annually by the District. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on other bonds issued by the District for the Road System. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on the Bonds or any bonds issued by the District for the Utility System. The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Williamson County, Texas; the City; or any entity other than the District.

Issuance of Additional Debt

The District may issue additional bonds that are necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$69,810,000 unlimited tax bonds for the Utility System and the refunding of such bonds, \$14,755,000 unlimited tax bonds for the Road System and refunding of such road bonds, \$34,580,000 principal amount unlimited tax bonds for parks and recreational facilities and the refunding of such bonds, and could authorize additional amounts.

The Bonds are the second series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Utility System. To date, the District has issued one series of bonds for the purpose of acquiring or constructing the Road System and no bonds for parks and recreational improvements. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: \$56,535,000 for the Utility System and the refunding of such bonds; \$12,975,000 for the Road System and the refunding of such bonds; and \$34,580,000 principal amount for parks and recreational improvements and the refunding of such bonds.

The Bond Resolution imposes no limitation on the amount of additional parity bonds that may be issued by the District, if authorized by the District's voters, and, in the case of bonds for the Utility System or for parks and recreational improvements, approved by the TCEQ. The District's issuance of the remaining \$12,975,000 principal amount of unlimited tax bonds for acquiring or constructing the Road System is not subject to approval by the TCEQ.

Following issuance of the Bonds, the District will owe the Developer approximately \$8,987,690 for expenditures to construct the Utility System, \$1,249,561 for expenditures to construct the Road System, and approximately \$172,918 for expenditures to construct parks and recreational facilities in the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney

General of Texas. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt-property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District at the time of issuance.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

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 (paying agent) 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 noncallable obligations of the United States of America, (b) noncallable 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) noncallable 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.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is an excerpt from Section 49.186 of the Texas Water Code and is applicable to the District:

(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Utility System Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds.

The enforceability of the rights and remedies of the Registered Owners may be further 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

Short-Term Debt

In connection with the Bonds, the District has issued its \$3,296,000 Bond Anticipation Note, Series 2018 (the "BAN"), dated December 5, 2018, and distributed proceeds from sale of the BAN to reimburse the Developer for a portion of the costs associated with the construction of the improvements provided on the immediately following page. The BAN accrues interest at a rate of 3.00% per year (computed on the basis of a 365-day year) and matures on December 4, 2019, unless called for redemption prior to maturity. It is anticipated that the BAN will be repaid and retired with the proceeds from sale of the Bonds.

Use and Distribution of Proceeds of Bonds

Proceeds from the sale of the Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the amounts assigned to the construction costs set out below. Proceeds of the Bonds will also be used to reimburse the Developer for construction costs not reimbursed by the BAN and to pay those non-construction costs shown below.

<u>Construction Costs</u>	<u>District's Share</u>
A. Developer Contribution Items	
1. Wolf Ranch West, Section 1A – W, WW, D	\$ 1,259,830
2. Wolf Ranch West, Section 1B – W, WW, D	859,440
3. Wolf Ranch West, Section 2, Phases 1 & 2 – W, WW, D	<u>1,084,000</u>
Total Developer Contribution Items	\$ 3,203,270
B. District Contribution Items	
1. Land Acquisition Cost for Wolf Ranch West Section 2 – Pond 1, Pond 2, & Lift Station	\$ 233,018
2. Impact Fees (24 Units at \$10,036)	<u>240,864</u>
Total District Contribution Items	<u>\$ 473,882</u>
Total Construction Costs (73.18% of BIR)	\$ 3,677,152

Non-Construction Costs

A. Legal Fees	\$ 140,500
B. Fiscal Agent Fees (2.00%)	100,500
C. Interest	
1. Capitalized Interest (12 Months)	160,200
2. Developer Interest	357,326
3. BAN Interest	55,264
D. Bond Discount (3%)	150,750
E. Bond Issuance Expenses	32,874
F. BAN Issuance Expense	84,888
G. Bond Application Report Cost	50,063
H. Operating Costs	46,750
I. Attorney General Fee (0.10% or a maximum of \$9,500)	5,025
J. TCEQ Bond Issuance Fee (0.25%)	12,562
K. Contingency (a)	<u>151,146</u>
Total Non-Construction Costs	\$ 1,347,848

TOTAL BOND ISSUE REQUIREMENT **\$ 5,025,000**

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 the sum of the difference between estimated and actual amounts of capitalized interest on the Bonds and interest on the BAN.

THE DISTRICT

Authority

The District was created by order of the TCEQ dated effective April 23, 2015, and by a confirmation election held within the District on November 3, 2015. The District operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts.

The District is empowered, among other things, 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. The District is further empowered to construct and finance thoroughfares, arterial and collector roads as well as improvements in aid thereof.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

Description

At the time of the confirmation election, the District encompassed 259.543 acres. Thereafter, the District has undergone one annexation of acreage: on December 19, 2016, the District annexed 0.638 acres into its boundaries. The District currently comprises total 260.175 acres. The District is located wholly within Williamson County, Texas, and lies approximately two miles west of the City, and is situated entirely within the corporate limits of the City.

Management of the District

The District is governed by the Board consisting of five directors, who have control over and management supervision of all affairs of the District. All of the Directors own property in the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires May</u>
S. Austin Pfiester	President	2022
Rebecca Ida Broudy Collins	Vice President	2022
M. Scott Norman, Jr.	Secretary	2022
Susan Turrieta	Assistant Secretary	2020
William S. Minick	Assistant Vice President	2020

Investment Policy

The District has adopted an Investment Policy (the "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 Policy. The 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 and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long term securities or derivative products in the portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the District is Williamson County, Texas (the “Tax Assessor/Collector”).

Bookkeeper: The District’s bookkeeper is Bott & Douthitt PLLC.

Auditor: The District engaged McCall Gibson Swedlund Barfoot PLLC to audit its financial statements for the fiscal year ended April 30, 2018. McCall Gibson Swedlund Barfoot PLLC was not requested to perform any updating procedures subsequent to the date of its audit opinion on the April 30, 2018 financial statements. The District has engaged McCall Gibson Swedlund Barfoot PLLC to audit its financial statements for the fiscal year ended April 30, 2019.

Engineer: The District’s engineer is Jones-Heroy & Associates, Inc. (the “Engineer”).

Bond Counsel: The District has engaged Allen Boone Humphries Robinson LLP, Austin, Texas, as general counsel to the District and as bond counsel (“Bond Counsel”) in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See “LEGAL MATTERS.”

Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP, Houston, Texas, serves as Disclosure Counsel to the District in connection with the issuance of the Bonds. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated is engaged as financial advisor to the District in connection with the issuance of the Bonds (the “Financial Advisor”). The Financial Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor 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.

[Remainder of this page intentionally left blank]

General Fund Operating Statement

The following sets forth in condensed form the results of the District's general operating fund for the previous four fiscal years. For the fiscal years ended 2016, 2017, and 2018, the summary below has been prepared by the Financial Advisor for inclusion herein based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information. See "APPENDIX A." For the District's fiscal year ended April 30, 2019, the summary below includes unaudited figures and has been prepared by the Financial Advisor for inclusion herein based on information obtained from reports of the District's bookkeeper.

	For Fiscal Year Ended April 30			
	2019*	2018	2017	2016
<u>Revenues</u>				
Property taxes	\$ 385,884	\$ 173,498	\$ 51,106	\$ 8,322
Interest and other	<u>1,722</u>	<u>561</u>	<u>31</u>	<u>8</u>
Total Revenues	\$ 387,606	174,059	\$ 51,137	\$ 8,330
<u>Expenditures</u>				
Director fees	\$ 7,350	\$ 6,136	\$ 7,589	\$ 4,360
Legal fees	186,422	60,983	65,839	74,189
Engineering fees	15,572	14,145	15,403	15,858
Audit fees	8,500	7,500	6,500	-
Bookkeeping fees	16,800	9,750	7,600	2,900
Tax appraisal collection fees	1,547	681	129	32
Insurance	5,465	4,427	-	3,168
Other	<u>1,684</u>	<u>1,037</u>	<u>589</u>	<u>287</u>
Total Expenditures	\$ 243,340	\$ 104,659	\$ 103,649	\$ 100,794
Excess Revenues (Expenditures)	\$ 144,266	\$ 69,400	\$ (52,512)	\$ (92,464)
Developer Advances	\$ 0	\$ 65,750	\$ 68,000	\$ 75,000
Net Change in Fund Balance	\$ 144,266	\$ 135,150	\$ 15,488	\$ (17,464)

* Unaudited figures.

Agreements with the City

Consent Agreement

The District is party to that certain Consent Agreement, as amended (the "Consent Agreement"), entered into by and between the City; Wolf Legacy, L.P., predecessor to the Developer in title to the original lands of the District and of Williamson County Municipal Utility District No. 29 ("MUD 29" and the lands of the District and MUD 29 being the "Land"); owners of the Guy Tract (defined below); the Developer; the District; and MUD 29.

In the Consent Agreement, as originally executed, the City consented to the creation of the District and MUD 29; annexed the Land into the corporate limits of the City; and agreed not to dissolve the District or MUD 29 until such time as one of the following occurs: (i) water, sanitary sewer, and drainage facilities sufficient to serve 90% of the Land have been completed and the Developer has been reimbursed by the District and MUD 29 to the maximum extent permitted by rules of the TCEQ or the City assumes such obligation for reimbursement under said rules or (ii) twenty-five (25) years have elapsed since the effective date of the Consent Agreement. The Consent Agreement, as amended, identifies approximately 366 additional acres of land adjacent to the District and MUD 29 (the "Guy Tract") that has been acquired by the Developer, formalizes the City's consent to the annexation of the Guy Tract into the boundaries of the District and/or

MUD 29, and incorporates the Guy Tract into the definition of the Land for the purposes of the Consent Agreement.

The Consent Agreement also provides the purposes for which the District is authorized to issue bonds. Such purposes include those for the construction or acquisition of water, sewer, and drainage systems; roads and improvements in aid thereof; and parks and recreational facilities serving the District.

Chapter 552 Agreement

The District is party to that certain Chapter 552 Agreement, as amended, entered into by and between the District and the City (the "552 Agreement"). The 552 Agreement identifies certain public improvements, such as water, sewer, and drainage facilities, roadways, and park and recreational improvements (the "Public Improvements"), that the District intends to construct to service development within its boundaries and that will also provide a public benefit to the City by extending and improving the City's existing public infrastructure. The 522 Agreement is dated effective June 16, 2015, and shall remain in effect until the earlier of dissolution of the District or until such time as payments of the Rebate (defined below) accumulate to an amount equal to \$25,000,000 (the "Maximum Reimbursement Amount").

In the 552 Agreement, the District agrees to acquire or construct the Public Improvements, which, upon completion, are to be conveyed to the City, and the City agrees to pay to the District, from the collection of taxes that are levied and received by the City and attributable to taxable property located the District, an amount equal to \$0.15 per \$100 of taxable assessed value (the "Rebate") on an annual basis, but in no event shall such annual payments of the Rebate exceed the Maximum Reimbursement Amount. The initial payment of the Rebate to the District by the City occurred in September of 2018, and all subsequent payments of the Rebate during the term of the 552 Agreement will be paid on or before March 31 of each calendar year.

The 552 Agreement requires that the District deposit payments of the Rebate into an infrastructure fund that may be used for all costs associated with the Public Improvements, for payment of debt service on bonds (including the Bonds) that the District may issue for the purposes authorized under the Consent Agreement, and for no other purposes. The District intends to use the Rebate for payment of a portion of the debt service on the Bonds and the Outstanding Bonds, however the Rebate is not pledged to payment of debt service on the Bonds or the Outstanding Bonds.

Development Agreement

The District is also subject to the terms of that Development Agreement dated effective August 19, 2014, entered into by the City and the above-referenced predecessor to the Developer (the "Development Agreement"). Among other provisions, the Development Agreement provides certain requirements and standards for the intended development of the Land and establishes the terms and agreement of the parties for the construction of public infrastructure necessary to serve development of the Land. See "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

[Remainder of this page intentionally left blank]

DEVELOPMENT OF THE DISTRICT

To date, approximately 137.80 acres within the District have been developed as 386 total single-family lots in the residential subdivision of Wolf Ranch West, Section 1A, Phases 1, 2, and 3 and Section 2, Phases 1 and 2. As of May 14 2019, the District included approximately 215 completed homes (approximately 187 occupied, 21 unoccupied, and 7 model homes); approximately 44 homes under construction (approximately 30 of which being under contract for sale to homebuyers); and approximately 127 vacant developed lots. In addition, the single-family residential subdivision of Wolf Ranch West, Section 4A, is currently under construction, and, upon completion (scheduled for September of 2019), such section will include the development of 174 lots within the subdivision of approximately total 74.43 acres. The District also includes two multi-family residential properties. Approximately 47.95 acres in the District have been subdivided as Wolf Ranch West, Section 1B, which includes the following multi-family developments that are complete and actively leasing: Hillstone at Wolf Ranch, a 332-unit project by Leon Capital Group, and Retreat at Wolf Ranch, a 303-unit complex by McCann Realty Partners. The subdivisions within the District referenced above include a total of approximately 122.55 acres dedicated to drainage easements (approximately 8.58 acres), parkland and open spaces (approximately 62.21 acres), roads (approximately 37.56 acres), an amenity center (approximately 2.23 acres), water quality and detention ponds (approximately 11.91 acres), and a lift station (approximately 0.06 acres).

Status of Development within the District

The following is a summary of the status of construction of single-family housing within the District as of May 14, 2019:

Wolf Ranch West	Section Acreage	Section Lots	Homes Completed	Homes Construction	Vacant Lots
Section 1A, Phase 1	20.83	25	19	3	3
Section 1A, Phase 2	12.30	29	28	0	1
Section 1A, Phase 3	45.06	159	134	5	20
Section 2, Phase 1	2.63	9	0	1	8
Section 2, Phase 2	<u>56.98</u>	<u>164</u>	<u>34</u>	<u>35</u>	<u>95</u>
Totals	137.80	386	215	44	127
Single-Family Developed	137.80				
Single-Family Under Development	74.43				
Multi-Family Developed	47.95				
District Total	260.18				

Homebuilders within the District

Homebuilders who are active in the District include Coventry Homes, David Weekley Homes, Drees Custom Homes, M/I Homes, Perry Homes, and Wilshire Homes. Prices of homes being constructed in the District range from \$300,000-\$600,000.

Lot-Sales Contracts

The Developer has entered into lot-sales contracts with each of Coventry Homes, David Weekley Homes, Drees Custom Homes, Perry Homes, and Wilshire Homes for the purchase of 209 lots located in Section 1A, Phases 1, 2, and 3. According to the Developer, as of May 1, 2019, said homebuilders have purchased all 209 contracted lots in Section 1A of Wolf Ranch within the District. The Developer has also entered into lot-sales contracts with each of Coventry Homes, David Weekley Homes, Drees Custom Homes, Perry Homes, and Wilshire Homes for the purchase of 172 lots located in Section 2 of Wolf Ranch. Said homebuilders have purchased 149 of the contracted lots in Section 2 of Wolf Ranch.

Generally, the contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically fifteen percent (15%) of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer's sole

remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit, which, for those lots in Section 2 as noted above, is approximately \$350,000 currently. According to the Developer, each of the builders is in compliance with their respective lot-sales contracts.

THE DEVELOPER

Role of the 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 most 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 utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a 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.

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, or construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Neither the Developer, nor any affiliate entity, is obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer, nor any affiliate entity, has a binding commitment to the District to carry out any plan of development, and the furnishing of information related to the proposed development by the Developer or affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developer

Lands within the District are being developed by Hillwood Development Company, LLC ("Hillwood"). Hillwood, a Perot Company, is a Dallas-based national real estate development company owned by H. Ross Perot, Jr., with over 30 years of experience developing land in Texas. Hillwood's development expertise and experience encompasses diverse product types, including: sports 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.

Hillwood has formed H4 WR, LP; H4WR Phase 1 LLC; H4WR Phase 2 LLC; and other entities through which it owns and develops land in the District. Hillwood and its affiliates that own property in the District (such as H4 WR, LP; H4WR Phase 1 LLC; and H4WR Phase 2 LLC) are collectively referred to herein as the "Developer."

Development Financing

In December of 2018, the Developer obtained a development loan from Texas Capital Bank, National Association, secured by certain lands located in Section 4 of Wolf Ranch within the District and MUD 29. The loan has a maximum principal balance of \$19,049,500, of which approximately \$6,269,727 is outstanding as

of April 1, 2019, and matures in December of 2021. According to the Developer, it is in compliance with all material conditions of the loan.

THE UTILITY SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ and the City. According to the Engineer, the design of all such completed facilities has been approved by all required governmental agencies.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water Supply

The City provides utility services to the District in accordance with the terms of the Development Agreement. Under the Development Agreement, the City agrees to provide sufficient water supply to serve full development within the District and to own and maintain all public infrastructure necessary to provide such water supply. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City. The City charges users in the District rates for water service an amount equal to the rates charged by the City to other customers in the City's corporate limits, identified in the City's rate order as the "In-City MUD Rates." The City may also charge a connection fee provided such fee is uniformly charged to other customers in the City's corporate limits in the same customer class.

Wastewater Treatment

Under the Development Agreement, the City agrees to provide wastewater treatment to serve full development within the District and will own and maintain all infrastructure that is necessary to provide such services. The District is required to construct necessary facilities within its boundaries, and once constructed and accepted by the City, such facilities are conveyed to the City.

The City charges users in the District rates for sewer service an amount equal to the rates charged by the City to other customers in the City's corporate limits, identified in the City's rate order as the "In-City MUD Rates." The City may also charge a connection fee provided such fee is uniformly charged to other customers in the City's corporate limits in the same customer class.

Drainage

Storm water for the portion of the District located north of State Highway 29 is collected through an underground system of lines that flows in a northerly direction leading to water quality ponds and eventually to the North San Gabriel River. The District lies partially within the Edwards Aquifer Recharge Zone and therefore was required to construct a water quality pond in Wolf Ranch West, Section 1A. Proceeds from the sale of the Bonds will be used to reimburse the Developer for certain expenditures related to the construction of the internal storm drainage system and water quality facilities that service said residential section.

Storm water for the portion of the District located south of State Highway 29 is collected through an underground system of lines that flows in a southerly direction leading to water quality ponds and eventually to the South San Gabriel River.

100 Year Flood Plain

According to the FEMA Map Panel No. 48491C0290E dated September 26, 2008, approximately 13.1 acres within the District are located in the 100-year flood plain. Such acreage is not considered to be developable.

THE ROAD SYSTEM

The residential sections that have been developed in the District to date are served by certain segments of Wolf Ranch Parkway that are designated as collector roadway on the thoroughfare pane of the City. The internal subdivision streets of the developed sections in the District direct residents to Wolf Ranch Parkway. Wolf Ranch Parkway extends beyond the District's boundaries and connects to Rivery Boulevard on the north and State Highway 29 on the south, both of which provide access to Interstate Highway 35. The design and construction of all roadways and associated improvements within the District is subject to the specifications and terms of the Development Agreement.

[Remainder of this page intentionally left blank]

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(May 2019)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(May 2019)



DISTRICT DEBT

Debt Service Requirement Schedule

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

Calendar Year	Outstanding Debt Service	Plus: The Bonds			Total Debt Service
		Principal	Interest	Debt Service	
2019	\$179,669	-	-	-	\$179,669
2020	609,339	\$80,000	\$213,600	\$293,600	902,939
2021	612,064	130,000	156,600	286,600	898,664
2022	619,421	135,000	150,750	285,750	905,171
2023	621,296	140,000	144,675	284,675	905,971
2024	627,746	145,000	138,375	283,375	911,121
2025	628,746	150,000	131,850	281,850	910,596
2026	629,391	155,000	127,350	282,350	911,741
2027	634,681	165,000	122,700	287,700	922,381
2028	634,481	170,000	117,750	287,750	922,231
2029	643,194	175,000	112,650	287,650	930,844
2030	640,794	180,000	107,400	287,400	928,194
2031	647,669	190,000	102,000	292,000	939,669
2032	653,756	195,000	96,300	291,300	945,056
2033	648,713	205,000	90,450	295,450	944,163
2034	653,306	210,000	84,300	294,300	947,606
2035	651,619	220,000	78,000	298,000	949,619
2036	654,369	225,000	71,400	296,400	950,769
2037	661,369	235,000	64,650	299,650	961,019
2038	662,431	245,000	57,600	302,600	965,031
2039	662,744	255,000	50,250	305,250	967,994
2040	661,063	265,000	42,600	307,600	968,663
2041	663,588	270,000	34,650	304,650	968,238
2042	665,119	285,000	26,550	311,550	976,669
2043	670,656	295,000	18,000	313,000	983,656
2044	-	305,000	9,150	314,150	314,150
Total	\$15,637,223	\$5,025,000	\$2,349,600	\$7,374,600	\$23,011,823

Average Annual Debt Service Requirement (2019–2044) \$885,070

Maximum Annual Debt Service Requirement (2043)..... \$983,656

Bonded Indebtedness

2018 Taxable Assessed Valuation.....	\$ 97,502,926 (a)
2019 Preliminary Valuation.....	\$ 181,825,651 (b)
Estimate of Value as of April 15, 2019.....	\$ 190,100,000 (c)
Direct Debt:	
The Outstanding Bonds (as of May 1, 2019).....	\$ 10,030,000
The Bonds.....	<u>\$ 5,025,000</u>
Total.....	\$ 15,055,000
Estimated Overlapping Debt.....	<u>\$ 7,591,675 (d)</u>
Total Direct and Estimated Overlapping Debt.....	\$ 22,646,675 (d)
Direct Debt Ratios:	
As a percentage of the 2018 Taxable Assessed Valuation.....	15.44 %
As a percentage of the 2019 Preliminary Valuation.....	8.28 %
As a percentage of the Estimate of Value as of April 15, 2019.....	7.92 %
Direct and Estimated Overlapping Debt Ratios:	
As a percentage of the 2018 Taxable Assessed Valuation.....	23.23 %
As a percentage of the 2019 Preliminary Valuation.....	12.46 %
As a percentage of the Estimate of Value as of April 15, 2019.....	11.91 %
Utility System Debt Service Fund Balance (as of May 20, 2019).....	\$553,977 (e)
Road System Debt Service Fund Balance (as of May 20, 2019).....	\$114,765 (f)
General Operating Fund Balance (as of May 20, 2019).....	\$225,768
2018 Tax Rate per \$100 of Taxable Assessed Valuation	
Utility System Debt Service.....	\$0.25 (g)
Road System Debt Service.....	\$0.05 (g)
Maintenance and Operation.....	<u>\$0.35</u>
Total.....	\$0.65

-
- (a) Represents the taxable assessed valuation as of January 1, 2018, of all taxable property in the District, as certified by the Williamson Central Appraisal District. 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 the Williamson Central Appraisal District. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on this preliminary value. See "TAX DATA" and "TAXING PROCEDURES."
 - (c) Provided by the Williamson Central Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of April 15, 2019, and includes an estimate of additional taxable value resulting from additional of taxable improvements constructed in the District from January 1, 2018, through April 15, 2019. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
 - (d) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."
 - (e) In addition to this amount, twelve (12) months of capitalized interest on the Bonds will be deposited into the Utility System Debt Service Fund upon closing and delivery of the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System.
 - (f) Neither Texas law nor the resolution authorizing the District’s issuance of the Outstanding Bonds for the Road System requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued for the Utility System, including the Bonds.
 - (g) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount. The District intends to use the proceeds of such debt service taxes as well as the Rebate to pay debt service on the Bonds and the Outstanding Bonds. The Rebate, however, is not pledged to the payment of debt service on the Bonds or the Outstanding Bonds. See "THE BONDS – Source of Payment" and "THE DISTRICT – Agreements with the City."

Direct and Estimated 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 information contained in *Texas Municipal Reports*, published by the Municipal Advisory Council of Texas, or other available information. 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 presently 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 for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt April 30, 2019	Overlapping	
		Percent	Amount
Williamson County	\$ 826,249,942	0.15%	\$ 1,231,031
City of Georgetown	204,770,000	1.21%	2,474,195
Georgetown Independent School District	426,935,000	0.91%	<u>3,886,449</u>
Total Estimated Overlapping Debt			\$ 7,591,675
The District (a).....			<u>\$ 15,055,000</u>
Total Direct & Estimated Overlapping Debt (a).....			\$ 22,646,675

Debt Ratios

Ratios of Direct Debt (a):

As a percentage of the 2018 Taxable Assessed Valuation.....	15.44 %
As a percentage of the 2019 Preliminary Valuation	8.28 %
As a percentage of the Estimate of Value as of April 15, 2019	7.92 %

Ratios of Direct and Estimated Overlapping Debt (a):

As a percentage of the 2018 Taxable Assessed Valuation.....	23.23 %
As a percentage of the 2019 Preliminary Valuation	12.46 %
As a percentage of the Estimate of Value as of April 15, 2019	11.91 %

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, the Outstanding Bonds issued for the Utility System, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Utility System and to pay the expenses of assessing and collecting such taxes. In the Bond Resolution, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." The Board is also authorized to levy an annual ad valorem tax, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on the Outstanding Bonds issued for the Road System and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Road System and to pay the expenses of assessing and collecting such taxes. Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations. See "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the “Property Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein. The Property 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 responsibility for reviewing and equalizing the values established by the Appraisal District. The Appraisal District has the responsibility of appraising property for all taxing units within Williamson County, including the District. Such appraisal values will be subject to review and change by the Williamson County Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

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; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve the 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 certain surviving dependents of disabled veterans, 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. Furthermore, 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, and 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.

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. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, 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 is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead if the surviving spouse has not remarried since the first responder’s death, and said property was the first responder’s residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Code authorizes the governing body of each political subdivision in the state to exempt up to twenty percent (20%) of the appraised market 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 adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted a homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit 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 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.

Tax Abatement

Williamson County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Williamson County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Williamson County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property 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 fair market value. The Property Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Code are complex and are not fully summarized here. 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 Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for 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 Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal District 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 Appraisal District 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 Appraisal District chooses to formally include such values on its appraisal roll.

District and Taxpayer Remedies

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

The Property Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Property Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that 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

Under current law, 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.

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in

the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, beginning with the 2020 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

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 in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the state and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims 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 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 proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy, and collection by the District of a continuing, direct ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." In the Bond Resolution, the Board covenants 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. See "THE BONDS" and "RISK FACTORS."

In 2018, the District levied a total tax rate of \$0.65 per \$100 of taxable assessed valuation composed of the following: a tax in the amount of \$0.35 for maintenance and operations purposes; a tax in the amount of \$0.25 for payment of debt service on the Outstanding Bonds issued for the Utility System; and a tax in the amount of \$0.05 for payment of debt service on the Outstanding Bonds issued for the Road System. The District is authorized to levy separate debt service taxes, both unlimited as to rate or amount, for payment of debt service on bonds issued for the Utility System, including the Bonds, and for payment of debt service on bonds issued for the Road System.

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount).
Road System Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance General:	\$1.20 per \$100 taxable assessed valuation.
Maintenance Road:	\$0.25 per \$100 taxable assessed valuation.

Maintenance Tax

The Board 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. The Board is authorized by the District’s voters to levy such maintenance tax in an amount not to exceed \$1.20 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which have been issued or may be issued in the future. See “Tax Rate Distribution” below.

Additional Penalties

The Tax Assessor/Collector has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of fifteen percent (15%) of the tax to defray the costs of collection. This fifteen percent (15%) penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than June 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 Property Code.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the combined debt service tax rates per \$100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District’s tax base occurs beyond the taxable assessed valuation as of January 1, 2018 (\$97,502,926), the preliminary valuation as of January 1, 2019 (\$181,825,651), or the estimate of value as of April 15, 2019 (\$190,100,000). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2019–2044)	\$885,070
Combined Debt Service Tax Rate of \$0.96 on the 2018 Taxable Assessed Valuation produces.....	\$889,227
Combined Debt Service Tax Rate of \$0.52 on the 2019 Preliminary Valuation produces	\$898,219
Combined Debt Service Tax Rate of \$0.50 on the Estimate of Value as of April 15, 2019, produces	\$902,975
Maximum Annual Debt Service Requirement (2043).....	\$983,656
Combined Debt Service Tax Rate of \$1.07 on the 2018 Taxable Assessed Valuation produces.....	\$991,117
Combined Debt Service Tax Rate of \$0.57 on the 2019 Preliminary Valuation produces	\$984,586
Combined Debt Service Tax Rate of \$0.55 on the Estimate of Value as of April 15, 2019, produces	\$993,273

The combined debt service tax rates above are the amounts necessary to meet the requirement of debt service based on the corresponding valuation of the District and a collection rate of 95%. Such amounts do not reflect the District’s use of funds from the Rebate towards payment of debt service on the Bonds and the Outstanding Bonds. Should the District apply all funds that it receives from the Rebate towards payment of debt service of the Bonds and the Outstanding Bonds during each year that the Bonds and the Outstanding Bonds remain outstanding, then, based on the amount of Rebate due from the corresponding valuation of the District and 95% collections, the necessary amount of each combined debt service tax rate will be \$0.15 less than the amount noted above. While the District intends to use the Rebate to pay a portion of the debt service on the Bonds, the Rebate is not pledged to the payment of debt service on the Bonds. See “THE BONDS – Source of Payment” and “THE DISTRICT – Agreements with the City.”

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 DEBT – Direct and Estimated 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 an estimation of all 2018 taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

<u>Taxing Jurisdiction</u>	<u>2018 Tax Rate</u>
The District	\$0.650000
Williamson County	0.419029
Williamson County Road	0.040000
City of Georgetown (a)	0.420000
Georgetown Independent School District	<u>1.409000</u>
Total Tax Rate	<u>\$2.938029</u>

(a) See “THE DISTRICT – Agreements with the City.”

Historical Tax Collections

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Adjusted Levy</u>	<u>Collections Current Year</u>	<u>Current Year Ended 9/30</u>	<u>Collections 04/30/19</u>
2015	\$1,280,376	0.65	\$8,322	100.00%	2016	100.00%
2016	5,144,353	0.65	33,438	100.00	2017	100.00
2017	25,848,954	0.65	168,018	99.71	2018	100.00
2018	97,502,926	0.65	633,769	99.69 (a)	2019	99.69

(a) Represents collections through April 30, 2019.

Tax Rate Distribution

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Utility System Debt Service	\$0.2500	\$0.0000	\$0.0000	\$0.0000
Road System Debt Service	\$0.0500	\$0.0000	\$0.0000	\$0.0000
Maintenance and Operations	<u>\$0.3500</u>	<u>\$0.6500</u>	<u>\$0.6500</u>	<u>\$0.6500</u>
	\$0.6500	\$0.6500	\$0.6500	\$0.6500

Taxable Assessed Valuation Summary

The following represents the type of property comprising the 2015–2018 tax rolls as certified by the Appraisal District.

<u>Type of Property</u>	<u>2018 Taxable Assessed Valuation</u>	<u>2017 Taxable Assessed Valuation</u>	<u>2016 Taxable Assessed Valuation</u>	<u>2015 Taxable Assessed Valuation</u>
Land	\$30,357,009	\$22,507,820	\$5,141,353	\$1,277,376
Improvements	67,874,565	3,228,577	3,000	3,000
Personal Property	242,992	143,466	0	0
Exemptions	<u>(971,640)</u>	<u>(30,909)</u>	<u>0</u>	<u>0</u>
Total	\$97,502,926	\$25,848,954	\$5,144,353	\$1,280,376

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the Appraisal District's original certification of the appraisal rolls for the 2018 tax year. The values and percentages below are subject to adjustment due to supplemental certifications of the 2018 appraisal rolls by the Appraisal District.

<u>Taxpayer</u>	<u>Types of Property</u>	<u>Taxable Value 2018 Tax Roll</u>	<u>Percent of District Value</u>
LG WR1 LLC (a)	Land & Improvements	\$28,326,560	31.16%
MRP Wolf Ranch LP (a)	Land & Improvements	18,463,378	20.31
H4WR PH 2 LLC (b)	Land	3,576,660	3.93
Drees Custom Homes LP (c)	Land, Improvements & Personal	3,292,738	3.62
M/I Homes of Austin LLC (c)	Land, Improvements & Personal	2,395,720	2.64
MHI Partnership LTD (c)	Land, Improvements & Personal	2,394,861	2.63
Weekley Homes LLC (c)	Land, Improvements & Personal	2,179,786	2.40
2015 MHI Land Holdings LLC	Land	1,171,700	1.29
Perry Homes LLC (c)	Land & Improvements	1,135,550	1.25
MHI Models LTD (c)	Land & Improvements	<u>971,994</u>	<u>1.07</u>
		\$63,908,947	70.30%

(a) Such entity is an owner of property that includes a multi-family development.

(b) See "THE DEVELOPER."

(c) See "DEVELOPMENT OF THE DISTRICT - Homebuilders within the District."

LEGAL MATTERS

Legal Opinions

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, without legal limit as to rate or amount, levied 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 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 income 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 BONDS" (except for information under the subheadings "- Book-Entry-Only System" and "- Use and Distribution of Proceeds of Bonds"), "THE DISTRICT - Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and 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 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.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. 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-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

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.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes and (ii) 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 it 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 and the Initial Purchaser with respect to matters solely within the knowledge of the District 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 or report 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 or not 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 is less than the stated redemption price at maturity (the “Original Issue Discount Bonds”). 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 made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe these agreements 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, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement included under the headings "DISTRICT DEBT," "TAX DATA," and in "APPENDIX A." 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 the MSRB.

Any information so provided shall be prepared in accordance with generally accepted accounting principles 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 the MSRB within such six month period, and audited financial statements when and if the audit report becomes available. The District's current fiscal year end is April 30. Accordingly, it must provide updated information by the last day in October in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain 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 specified 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 and 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 to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent 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 beneficial owners of the Bonds. The District may also amend or repeal the agreement if the United States Securities and Exchange Commission amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid,

but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. 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 the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included 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 for further information.

Experts

The information contained in this Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Proceeds of Bonds," "THE DISTRICT – Description," "DEVELOPMENT OF THE DISTRICT – Status of Development within the District," "THE ROAD SYSTEM," and "THE UTILITY SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of appraisal.

Certification as to Official Statement

The District, acting by and through its Board 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.

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 in writing 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.

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 Williamson County Municipal Utility District No. 28 as of the date shown on the cover page hereof.

/s/ S. Austin Pfiester
President, Board of Directors
Williamson County Municipal Utility District No. 28

ATTEST:

/s/ M. Scott Norman, Jr.
Secretary, Board of Directors
Williamson County Municipal Utility District No. 28

APPENDIX A
Financial Statements of the District

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 28**

**FOR THE YEAR ENDED
APRIL 30, 2018**

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708
E-Mail: mgsb@mgsbpllc.com

9600 Great Hills Trail
Suite 150W
Austin, Texas 78759
(512) 610-2209
www.mgsbpllc.com

Board of Directors
Williamson County Municipal
Utility District No. 28
Williamson County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Williamson County Municipal Utility District No. 28 (the "District"), as of and for the year ended April 30, 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 April 30, 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
Certified Public Accountants
Austin, Texas

August 20, 2018

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 28
MANAGEMENT’S DISCUSSION AND ANALYSIS
APRIL 30, 2018**

In accordance with Governmental Accounting Standards Board Statement No. 34 (“GASB 34”), the management of Williamson County Municipal Utility District No. 28 (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the fiscal year ended April 30, 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 fiscal year, the General Fund had a balance of \$133,194. For the year ended April 30, 2018, General Fund revenues were \$239,809, which includes \$65,750 in advances from the developer, and expenditures were \$104,659.
- *Capital Projects Fund:* During the current fiscal year, the District issued a \$4,830,000 bond anticipation note to fund the purchase of \$4,277,679 of infrastructure assets and pay \$108,420 of issuance expenditures. For the year ended April 30, 2018, the Capital Projects Fund has a fund deficit of \$4,692,723. Proceeds from the sale of the District’s upcoming Series 2018 unlimited tax bonds will be used to pay off the bond anticipation note as well as other bond related expenditures.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had expenses net of revenues of \$229,977. Net position decreased from a prior year deficit balance of \$139,057 to a deficit balance of \$369,034 at the end of the current fiscal year.

OVERVIEW OF THE DISTRICT

The District was created as Williamson County Municipal Utility District No. 28 by Order of the Texas Commission on Environmental Quality dated April 23, 2015. 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 November 3, 2015. The District consists of 260.175 acres, and is located within the corporate limits of the City of Georgetown in Williamson County. The District is located west of the intersection of Interstate Highway 35 and State Highway 29.

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)

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 28
MANAGEMENT’S DISCUSSION AND ANALYSIS
APRIL 30, 2018**

For purposes of GASB 34, 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 balance 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.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	<u>Summary Statement of Net Position</u>		Change Increase (Decrease)
	Governmental Activities		
	2018	2017	
Current and other assets	\$ 333,249	\$ 14,647	\$ 318,602
Capital and non-current assets	4,236,757	-	4,236,757
Total Assets	4,570,006	14,647	4,555,359
Current Liabilities	4,892,290	10,704	4,881,586
Long-term Liabilities	46,750	143,000	(96,250)
Total Liabilities	4,939,040	153,704	4,785,336
Net Investment in Capital Assets	(455,966)	-	(455,966)
Unrestricted	86,932	(139,057)	225,989
Total Net Position	\$ (369,034)	\$ (139,057)	\$ (229,977)

As of April 30, 2018, the District had total assets of \$4,570,006 and total liabilities of \$4,939,040 resulting in a negative net position balance of \$369,034.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

The following table reflects the condensed Statement of Activities:

Summary Statement of Activities

	Governmental Activities		Change Increase
	2018	2017	(Decrease)
Property taxes	\$ 168,087	\$ 57,005	\$ 111,082
Other	1,654	31	1,623
Total Revenues	169,741	57,036	112,705
Bond anticipation note issuance expenditures	108,420	-	108,420
Creation costs	92,766	-	92,766
Professional fees	92,378	95,342	(2,964)
Other	12,281	8,307	3,974
Interest	52,951	-	52,951
Depreciation	40,922	-	40,922
Total Expenses	399,718	103,649	296,069
Change in Net Position	(229,977)	(46,613)	(183,364)
Beginning Net Position	(139,057)	(92,444)	(46,613)
Ending Net Position	\$ (369,034)	\$ (139,057)	\$ (229,977)

Revenues were \$169,741 for the year ended April 30, 2018, while expenses were \$399,718 resulting in a decrease in net position of \$229,977.

Property tax revenue in the current period was \$168,087. 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 \$25,848,954 and a tax rate of \$0.65 per \$100 of assessed valuation.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018**

ANALYSIS OF GOVERNMENTAL FUNDS

	<u>Governmental Funds by Year</u>		
	2018	2017	2016
Cash and cash equivalents	\$ 285,198	\$ 14,647	\$ 12,419
Receivables and prepaids	52,526	-	-
Total Assets	337,724	14,647	12,419
Accounts payable	9,339	10,704	29,863
Other payables	57,426	-	-
Bond anticipation note payable	4,830,000	-	-
Total Liabilities	4,896,765	10,704	29,863
Deferred Inflows of Resources	488	5,899	-
Unassigned	(4,559,529)	(1,956)	(17,444)
Total Fund Balance	(4,559,529)	(1,956)	(17,444)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 337,724	\$ 14,647	\$ 12,419

For the fiscal year ended April 30, 2018, the District's General Fund reflects a fund balance of \$133,194.

The Capital Project Fund purchases the District's infrastructure. The Capital Projects Fund had a \$4,692,723 decrease in fund balance for the current period. During the current period, the District received \$1,093 in interest revenue and spent \$4,693,816 for infrastructure and other bond-related items. The District issued a bond anticipation note for \$4,380,000 to fund purchase of the infrastructure assets and plans to issue unlimited tax bonds in 2018 to repay the note.

**WILLIAMSON COUNTY
MUNICIPAL UTILITY DISTRICT NO. 28
MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2018**

BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating costs of the District. On April 17, 2017, the Board of Directors adopted a budget that included revenues (including developer advances) of \$231,419 as compared to expenditures of \$125,400. When comparing actual to budget, the District had a positive variance of \$29,131. 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 \$4,236,757 in land and infrastructure. The detail is reflected in the following schedule:

		<u>Summary of Capital Assets, net</u>	
		2018	2017
Capital Assets:			
Land	\$	185,464	\$ -
Water/Wastewater/Drainage		4,092,215	-
Less: Accumulated Depreciation		(40,922)	-
Total Net Capital Assets	\$	4,236,757	\$ -

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

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2019 projects a \$3,052 increase in the General Fund fund balance.

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

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
APRIL 30, 2018

	General Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
<u>ASSETS</u>					
Cash	\$ 29,287	\$ -	\$ 29,287	\$ -	\$ 29,287
Cash equivalent investments	108,771	147,140	255,911	-	255,911
Receivables:					
Property taxes	488	-	488	-	488
Interfund	4,475	-	4,475	(4,475)	-
Prepaid costs	-	47,563	47,563	-	47,563
Capital assets, net of accumulated depreciation:					
Land	-	-	-	185,464	185,464
Water/Wastewater/Drainage Facilities	-	-	-	4,051,293	4,051,293
TOTAL ASSETS	\$ 143,021	\$ 194,703	\$ 337,724	4,232,282	4,570,006
<u>LIABILITIES</u>					
Accounts payable	\$ 9,339	\$ -	\$ 9,339	-	9,339
Accrued interest payable	-	52,951	52,951	-	52,951
Interfund payables	-	4,475	4,475	(4,475)	-
Due to developer	-	-	-	46,750	46,750
Bond anticipation note payable	-	4,830,000	4,830,000	-	4,830,000
TOTAL LIABILITIES	9,339	4,887,426	4,896,765	42,275	4,939,040
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Property taxes	488	-	488	(488)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	488	-	488	(488)	-
<u>FUND BALANCES (DEFICIT) / NET POSITION</u>					
Fund balance -					
Unassigned	133,194	(4,692,723)	(4,559,529)	4,559,529	-
TOTAL FUND BALANCES (DEFICIT)	133,194	(4,692,723)	(4,559,529)	4,559,529	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 143,021	\$ 194,703	\$ 337,724		
<u>NET POSITION:</u>					
Net investment in capital assets				(455,966)	(455,966)
Unrestricted				86,932	86,932
TOTAL NET POSITION				\$ (369,034)	\$ (369,034)

The accompanying notes are an integral part of this statement.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
APRIL 30, 2018

	General Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
<u>REVENUES:</u>					
Property taxes, including penalties	\$ 173,498	\$ -	\$ 173,498	\$ (5,411)	\$ 168,087
Interest and other	561	1,093	1,654	-	1,654
TOTAL REVENUES	174,059	1,093	175,152	(5,411)	169,741
<u>EXPENDITURES / EXPENSES:</u>					
Current:					
Director fees, including payroll taxes	6,136	-	6,136	-	6,136
Legal fees	60,983	-	60,983	-	60,983
Engineering fees	14,145	-	14,145	-	14,145
Audit fees	7,500	-	7,500	-	7,500
Bookkeeping fees	9,750	-	9,750	-	9,750
Tax appraisal/collection fees	681	-	681	-	681
Insurance	4,427	-	4,427	-	4,427
Creation costs	-	92,766	92,766	-	92,766
Bond anticipation note issuance costs	-	108,420	108,420	-	108,420
Prior year operating advances	-	162,000	162,000	(162,000)	-
Other	1,037	-	1,037	-	1,037
Debt Service -					
Interest	-	52,951	52,951	-	52,951
Capital outlay	-	4,277,679	4,277,679	(4,277,679)	-
Depreciation	-	-	-	40,922	40,922
TOTAL EXPENDITURES / EXPENSES	104,659	4,693,816	4,798,475	(4,398,757)	399,718
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	69,400	(4,692,723)	(4,623,323)	4,393,346	(229,977)
OTHER FINANCING SOURCES -					
Developer advances	65,750	-	65,750	(65,750)	-
TOTAL OTHER FINANCING SOURCES	65,750	-	65,750	(65,750)	-
NET CHANGE IN FUND BALANCES	135,150	(4,692,723)	(4,557,573)	4,557,573	-
CHANGE IN NET POSITION				(229,977)	(229,977)
<u>FUND BALANCES (DEFICIT) / NET POSITION:</u>					
Beginning of the year	(1,956)	-	(1,956)	(137,101)	(139,057)
End of the year	<u>\$ 133,194</u>	<u>\$ (4,692,723)</u>	<u>\$ (4,559,529)</u>	<u>\$ 4,190,495</u>	<u>\$ (369,034)</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Williamson County Municipal Utility District No. 28 (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 April 23, 2015, 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. The District is governed by a five member Board of Directors, 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. The District did not have any net position in this classification at April 30, 2018.
- 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.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

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, if any.

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. The District's two 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 one fund type:

- **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.
- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources restricted, committed or assigned for the acquisition/construction of 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.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

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 inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports deferred inflows of resources on its balance sheet. Deferred inflows of resources 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, deferred inflows of resources is removed from the balance sheet and revenue is recognized.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting – An unappropriated budget was adopted on April 17, 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 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 Texas Local Government Investment Pool, are recorded at amortized cost.

Capital Assets – Capital assets, which include land and the water, wastewater and drainage system, are reported in the government-wide column in the Statement of Net Position. Public domain ("infrastructure") capital assets including water, wastewater and drainage system, 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:

<u>Asset</u>	<u>Years</u>
Water/Wastewater/Drainage System	10 - 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.

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. The District does not have any nonspendable fund balances.
- *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. The District does not have any restricted fund balances.
- *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 no assigned fund balances.
- *Unassigned*: all other spendable amounts in the General Fund.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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 Balance - Governmental Funds		\$	(4,559,529)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds -			
Capital assets	4,277,679		
Less: Accumulated depreciation	(40,922)		4,236,757
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred inflows of resources for revenues earned but not available.			488
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds -			
Advances from developer			(46,750)
Total Net Position - Governmental Activities		\$	(369,034)

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS (continued) -

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	
Amounts reported for governmental activities in the Statement of Activities are different because -	\$ (4,557,573)
Governmental funds report:	
Capital expenditures in period purchased	4,277,679
Developer advances when received/repaid	96,250
Tax collections in period received	(5,411)
Governmental funds do not report -	
Depreciation	(40,922)
	(40,922)
Change in Net Position - Governmental Activities	\$ (229,977)

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; and securities collateralizing time deposits are held by independent third-party trustees.

Cash – At April 30, 2018, the carrying amount of the District's deposits was \$29,287 and the bank balance was \$29,426. The bank balance was covered by federal depository insurance.

Investments –

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair 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.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

3. CASH AND INVESTMENTS (continued) -

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;
- 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.

At April 30, 2018, the District held the following investments:

Investment	Fair Value at 4/30/2018	Governmental Fund			Investment Rating	
		General	Debt Service	Capital Projects	Rating	Rating Agency
		Unrestricted	Restricted (1)	Restricted (2)		
Texpool	\$ 255,911	\$ 108,771	\$ -	\$ 147,140	AAA-m	Standard & Poors
	<u>\$ 255,911</u>	<u>\$ 108,771</u>	<u>\$ -</u>	<u>\$ 147,140</u>		

(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 the Texas Local Government Investment Pool (“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 meets the criteria established in GASB Statement No. 79 and 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.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

3. CASH AND INVESTMENTS (continued) -

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 April 30, 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 April 30, 2018, the District’s bank deposits were fully insured.

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 Williamson Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Williamson 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 5, 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 \$25,848,954 was \$0.65 on each \$100 valuation and was fully allocated to the General Fund. Taxes receivable at April 30, 2018 totaled \$488. The maximum allowable maintenance tax of \$1.20 was established by the voters on November 3, 2015.

5. INTERFUND ACCOUNTS AND TRANSFERS

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at April 30, 2018:

	Interfund	
	Receivable	Payable
General Fund -		
Capital Projects Fund	\$ 4,475	\$ -
Capital Projects Fund -		
General Fund	-	4,475
	\$ 4,475	\$ 4,475

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

6. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	5/1/2017	Additions	Deletions	4/30/2018
Capital assets not being depreciated -				
Land	\$ -	\$ 185,464	\$ -	\$ 185,464
Total capital assets not being depreciated	-	185,464	-	185,464
Capital assets being depreciated -				
Water/Wastewater and Drainage	-	4,092,215	-	4,092,215
Total capital assets being depreciated	-	4,092,215	-	4,092,215
Less accumulated depreciation for -				
Water/Wastewater and Drainage	-	(40,922)	-	(40,922)
Total accumulated depreciation	-	(40,922)	-	(40,922)
Total capital assets being depreciated, net of accumulated depreciation	-	4,051,293	-	4,051,293
Total capital assets, net	\$ -	\$ 4,236,757	\$ -	\$ 4,236,757

7. BONDED DEBT

There were no bonds issued and outstanding as of April 30, 2018. The total amount of bonds approved by the voters of the District but not issued at April 30, 2018, is as follows:

Type	Amount
Unlimited Tax Bonds	\$ 69,810,000
Park and Recreational Facilities	\$ 34,580,000
Road Bonds	\$ 14,755,000

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 April 30, 2018, has recorded no liability pertaining to such costs. As of April 30, 2018, the District owed \$46,750 to the developer for advances used to fund operating activities.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2018

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 to effectively manage its risk. 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.

10. BOND ANTICIPATION NOTE

On November 30, 2017, the District closed on the issuance of a \$4,830,000 Bond Anticipation Note ("BAN") with an interest rate of 2.650% and maturity date of November 29, 2018. Proceeds of the BAN were used to reimburse the District's developer for the cost of certain water, wastewater and drainage facilities, engineering fees and land costs.

11. FUND DEFICIT

The Capital Projects Fund had a fund deficit of \$4,692,723 at April 30, 2018. This deficit represents the issuance of a \$4,830,000 bond anticipation note during the fiscal year. Proceeds from the sale of the District's upcoming Series 2018 unlimited tax bonds will be used to pay off the bond anticipation note as well as BAN interest and other bond related expenditures.

12. SUBSEQUENT EVENTS

On August 21, 2018, the District will close on the issuance of \$8,250,000 Unlimited Tax Bonds, Series 2018 ("Series 2018 Tax Bonds") with interest rates ranging from 3.00% to 4.00% and a final maturity of October 1, 2043. Proceeds of the Series 2018 Tax Bonds will be used to redeem the BAN, reimburse the District's developer for a portion of the costs of certain water, wastewater and drainage facilities, and pay for bond and BAN issuance costs and future interest costs.

On August 21, 2018, the District will close on the issuance of \$1,780,000 Unlimited Tax Road Bonds, Series 2018 ("Series 2018 Road Bonds") with interest rates ranging from 2.500% to 3.875% and a final maturity of October 1, 2043. Proceeds of the Series 2018 Road Bonds will be used to reimburse the District's developer for costs of certain road construction costs, bond issuance costs and future interest costs.

THIS PAGE INTENTIONALLY LEFT BLANK

**REQUIRED SUPPLEMENTARY
INFORMATION**

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
APRIL 30, 2018

	Actual	Original Budget	Variance Positive (Negative)
REVENUES:			
Property taxes, including penalties	\$ 173,498	\$ 156,514	\$ 16,984
Interest and other	561	-	561
TOTAL REVENUES	<u>174,059</u>	<u>156,514</u>	<u>17,545</u>
EXPENDITURES:			
Current:			
Drainage maintenance	-	12,000	12,000
Director fees, including payroll taxes	6,136	9,780	3,644
Legal fees	60,983	54,000	(6,983)
Engineering fees	14,145	18,000	3,855
Audit fees	7,500	7,500	-
Bookkeeping fees	9,750	10,200	450
Tax appraisal/collection fees	681	-	(681)
Insurance	4,427	4,420	(7)
Other	1,037	9,500	8,463
TOTAL EXPENDITURES	<u>104,659</u>	<u>125,400</u>	<u>20,741</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>69,400</u>	<u>31,114</u>	<u>38,286</u>
OTHER FINANCING SOURCES -			
Developer advances	65,750	74,905	(9,155)
TOTAL OTHER FINANCING SOURCES	<u>65,750</u>	<u>74,905</u>	<u>(9,155)</u>
NET CHANGE IN FUND BALANCE	135,150	<u>\$ 106,019</u>	<u>\$ 29,131</u>
FUND BALANCE:			
Beginning of the year	<u>(1,956)</u>		
End of the year	<u>\$ 133,194</u>		

The accompanying notes are an integral part of this statement.

**TEXAS SUPPLEMENTARY
INFORMATION**

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
TSI-1. SERVICES AND RATES
APRIL 30, 2018

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

- | | | |
|---|---|--|
| <input type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input checked="" type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input checked="" type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> 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:	\$ -	-	_____	\$ -	_____
SURCHARGE:	\$ -	-	_____	\$ -	_____

District employs winter averaging for wastewater usage? Yes No

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

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered	_____	_____	1.0	_____
< 3/4"	_____	_____	1.0	_____
1"	_____	_____	2.5	_____
1 1/2"	_____	_____	5.0	_____
2"	_____	_____	8.0	_____
3"	_____	_____	15.0	_____
4"	_____	_____	25.0	_____
6"	_____	_____	50.0	_____
8"	_____	_____	80.0	_____
10"	_____	_____	115.0	_____
Total Water	_____	_____	[REDACTED]	_____
Total Wastewater	_____	_____	1.0	_____

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

Gallons pumped into system: _____

Gallons billed to customers: _____

<p align="center">Water Accountability Ratio (Gallons billed / Gallons Pumped) N/A</p>

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: Williamson 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: City of Georgetown, Texas

Is the District located within a city's extraterritorial 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? _____

Note: The District receives retail water and wastewater services from the City of Georgetown, Texas.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
TSI-2. GENERAL FUND EXPENDITURES
APRIL 30, 2018

Personnel Expenditures (including benefits)	\$	-
Professional Fees:		
Auditing		7,500
Legal		60,983
Engineering		14,145
Financial Advisor		-
Purchased Services For Resale-		
Bulk Water and Wastewater Purchases		-
Contracted Services:		
Bookkeeping		9,750
General Manager		-
Appraisal District/Tax Collector		681
Other Contracted Services		-
Utilities		-
Repairs and Maintenance		-
Chemicals/Lab Fees		-
Administrative Expenditures:		
Directors' Fees		6,136
Office Supplies		-
Insurance		4,427
Other Administrative Expenditures		1,037
Capital Outlay:		
Capitalized Assets		-
Expenditures not Capitalized		-
Bad Debt		-
Parks and Recreation		-
Other Expenditures		-
TOTAL EXPENDITURES	\$	104,659

Number of persons employed by the District:

Full-Time

Part-Time

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
TSI-3. TEMPORARY INVESTMENTS
APRIL 30, 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	XXX0002	Varies	N/A	\$ 108,771	\$ -
Total				<u>108,771</u>	<u>-</u>
Capital Projects Fund -					
TexPool	XXX0004	Varies	N/A	147,140	-
Total				<u>147,140</u>	<u>-</u>
Total - All Funds				<u>\$ 255,911</u>	<u>\$ -</u>

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
TSI-4. TAXES LEVIED AND RECEIVABLE
APRIL 30, 2018

		<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
Taxes Receivable, Beginning of Year	\$	5,899	\$ -
2017 Original Tax Levy, net of adjustments		<u>168,021</u>	<u>-</u>
Total to be accounted for		<u>173,920</u>	<u>-</u>
Tax collections:			
Prior years		5,899	-
Current year		<u>167,533</u>	<u>-</u>
Total collections		<u>173,432</u>	<u>-</u>
Taxes Receivable, End of Year	<u>\$</u>	<u>488</u>	<u>\$ -</u>
Taxes Receivable, By Years			
Rollbacks	\$	-	\$ -
2016 and prior		-	-
2017		<u>488</u>	<u>-</u>
Taxes Receivable, End of Year	<u>\$</u>	<u>488</u>	<u>\$ -</u>
Property Valuations:		<u>2017</u>	<u>2016</u>
		<u>2015</u>	
Land and improvements (a)	\$	<u>25,848,954</u>	\$ <u>5,144,353</u>
			<u>\$ 1,280,377</u>
Total Property Valuations	<u>\$</u>	<u>25,848,954</u>	<u>\$ 5,144,353</u>
			<u>\$ 1,280,377</u>
Tax Rates per \$100 Valuation:			
Debt Service tax rates	\$	-	\$ -
Maintenance tax rates		<u>0.6500</u>	<u>0.6500</u>
Total Tax Rates per \$100 Valuation:	<u>\$</u>	<u>0.6500</u>	<u>\$ 0.6500</u>
Original Tax Levy	<u>\$</u>	<u>168,021</u>	<u>\$ 33,438</u>
			<u>\$ 8,322</u>
Percent of Taxes Collected to Taxes Levied **		<u>99.71%</u>	<u>100.00%</u>
			<u>100.00%</u>
Maximum Maintenance Tax Rate Approved by Voters:	<u>\$</u>	<u>1.20 on</u>	<u>11/3/2015</u>

(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.

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
APRIL 30, 2018

Total

Interest Rate

Dates Interest Payable

Maturity Dates

Bonds Outstanding at
Beginning of Current
Period

\$ -

Bonds Sold During the
Current Period

-

Retirements During the
Current Period:

Principal
Refunded

-
-

Bonds Outstanding at End
of Current Period

\$ -

Interest Paid During the
Current Period

\$ -

Paying Agent's Name & Address:

Bond Authority:	Unlimited Tax Bonds	Park and Recreational Facilities Bonds	Road Bonds
Amount Authorized by Voters	\$ 69,810,000	\$ 34,580,000	\$ 14,755,000
Amount Issued	-	-	-
Remaining To Be Issued	<u>\$ 69,810,000</u>	<u>\$ 34,580,000</u>	<u>\$ 14,755,000</u>

Debt Service Fund Cash and Temporary Investments balances as of April 30, 2018:

\$ -

Average Annual Debt Service Payment (Principal and Interest) for the remaining term of all debt:

\$ -

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
APRIL 30, 2018

	Amounts					Percent of Fund Total Revenues				
	4/30/2018	4/30/2017	4/30/2016	4/30/2015 *	4/30/2014 *	4/30/2018	4/30/2017	4/30/2016	4/30/2015 *	4/30/2014 *
GENERAL FUND REVENUES:										
Property taxes, including penalties	\$ 173,498	\$ 51,106	\$ 8,322	\$ -	\$ -	99.7%	99.9%	99.9%	-	-
Interest and other	561	31	8	-	-	0.3%	0.1%	0.1%	-	-
TOTAL GENERAL FUND REVENUES	174,059	51,137	8,330	-	-	100.0%	100.0%	100.0%	-	-
GENERAL FUND EXPENDITURES -										
Current:										
Director fees, including payroll taxes	6,136	7,589	4,360	-	-	3.6%	14.7%	52.3%	-	-
Legal fees	60,983	65,839	74,169	-	-	35.0%	128.8%	890.4%	-	-
Engineering fees	14,145	15,403	15,858	-	-	8.1%	30.1%	190.4%	-	-
Audit fees	7,500	6,500	-	-	-	4.3%	12.7%	-	-	-
Bookkeeping fees	9,750	7,600	2,900	-	-	5.6%	14.9%	34.8%	-	-
Tax appraisal/collection fees	681	129	32	-	-	0.4%	0.3%	0.4%	-	-
Insurance	4,427	-	3,168	-	-	2.5%	-	38.0%	-	-
Other	1,037	589	287	-	-	0.6%	1.2%	3.4%	-	-
TOTAL GENERAL FUND EXPENDITURES	104,659	103,649	100,774	-	-	60.1%	202.7%	1209.7%	-	-
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER (UNDER) EXPENDITURES	69,400	(52,512)	(92,444)	-	-	39.9%	-102.7%	-1109.7%	-	-
OTHER FINANCING SOURCE -										
Advances from developer	65,750	68,000	75,000	-	-	37.7%	133.0%	900.4%	-	-
TOTAL OTHER FINANCING SOURCE	65,750	68,000	75,000	-	-	37.7%	133.0%	900.4%	-	-
NET CHANGE IN FUND BALANCE	\$ 135,150	\$ 15,488	\$ (17,444)	\$ -	\$ -	77.6%	30.3%	-209.3%	-	-
TOTAL ACTIVE RETAIL WATER CONNECTIONS	-	-	-	-	-					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	-	-	-	-	-					

Note: The District receives retail water and wastewater services from the City of Georgetown, Texas.

* - The District was created on April 23, 2015. As a result, only three years of operations are presented herein.

**WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
APRIL 30, 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 21, 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 * 4/30/2018	Expense Reimbursements 4/30/2018	Title at Year End
<i>Board Members:</i>				
SAMUEL A. PFIESTER	(Elected) 5/5/2018 - 5/7/2022	\$ 1,350	\$ -	President
REBECCA I. COLLINS	(Elected) 5/5/2018 - 5/7/2022	\$ 1,050	\$ -	Vice-President
MICHAEL S. NORMAN, Jr.	(Elected) 5/5/2018 - 5/7/2022	\$ 450	\$ -	Secretary
WILLIAM S. MINICK	(Elected) 5/7/2016 - 5/2/2020	\$ 1,500	\$ -	Assistant Vice-President/ Assistant Secretary
SUSAN S. TURRIETA	(Elected) 5/7/2016 - 5/2/2020	\$ 1,350	\$ -	Assistant Secretary
<i>Consultants:</i>				
Allen Boone Humphries Robinson LLP	6/16/2015	\$ 62,730	\$ -	Attorney
		\$ 48,300	\$ -	Bond Related Services
Jones-Heroy & Associates	6/16/2015	\$ 14,010	\$ -	Engineer
		\$ 50,896	\$ -	Bond Related Services
Bott & Douthitt, PLLC	9/30/2015	\$ 9,250	\$ -	District Accountant
McCall Gibson Swedlund Barfoot PLLC	9/19/2016	\$ 7,500	\$ -	Auditor
		\$ 7,500	\$ -	Bond Related Services
Robert W. Baird & Co. Incorporated	6/16/2015	\$ 48,300	\$ -	Financial Advisor
Williamson Central Appraisal District	9/30/2015	\$ 62	\$ -	Tax Appraiser

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

**OTHER SUPPLEMENTARY
INFORMATION**

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
OSI-1. PRINCIPAL TAXPAYERS
APRIL 30, 2018

Taxpayer	Type of Property	Tax Roll Year		
		2017	2016	2015
H4WR Phase 1 LLC	N/A	\$ 4,957,493	\$ 2,740,179	1,234,624
LG WR1 LLC	N/A	4,289,709	1,196,592	45,753
M/I Homes of Austin LLC	N/A	3,456,770	-	-
MRP Wolf Ranch LP	N/A	3,373,748	-	-
Drees Custom Homes LP	N/A	2,383,125	-	-
MHI Partnership Ltd	N/A	1,875,000	-	-
2015 MHI Land Holdings LLC	N/A	1,725,000	-	-
Weekley Homes LLC	N/A	1,647,581	-	-
MHI Models Ltd	N/A	840,984	-	-
EVC Georgetown LP	N/A	384,975	384,975	-
H4 WR LP	N/A	-	66,469	-
Total		\$ 24,934,385	\$ 4,388,215	\$ 1,280,377
Percent of Assessed Valuation		96.5%	85.3%	100.0%

Source: Williamson County Appraisal District

WILLIAMSON COUNTY MUNICIPAL UTILITY DISTRICT NO. 28
OSI-2. ASSESSED VALUE BY CLASSIFICATION
APRIL 30, 2018

Type of Property	Tax Roll Year					
	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
Single Family Residence	\$ -	-	\$ -	-	\$ -	-
Multi-Family	4,180,282	16.2%	-	-	-	-
Vacant Lot	12,265,668	47.5%	-	-	-	-
Real Acreage	5,253,308	20.3%	9,938,851	193.2%	9,591,908	749.1%
Farm or Ranch Improvement	43,000	0.2%	37,200	0.7%	37,200	2.9%
Business Personal Property	109,428	0.4%	-	-	-	-
Residential Inventory	7,246,053	28.0%	-	-	-	-
Less: Exemptions/Adjustments	(3,248,785)	-12.6%	(4,831,698)	-93.9%	(8,348,731)	-652.0%
Total	<u>\$ 25,848,954</u>	<u>100.0%</u>	<u>\$ 5,144,353</u>	<u>100.0%</u>	<u>\$ 1,280,377</u>	<u>100.0%</u>

Source: Williamson County Appraisal District

APPENDIX B

Specimen Municipal Bond Insurance Policy



BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

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

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

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer’s Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall

be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN