OFFICIAL STATEMENT DATED MAY 26, 2020

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER "TAX MATTERS" HEREIN.

THE BONDS **HAVE BEEN** DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS."

Rating:
S&P: "AA" (Stable Outlook)/Insured
Moody's: "A2" (Stable Outlook)/Insured
Moody's: "Baa3"/Uninsured
Insurance: AGM
See: "BOND INSURANCE" and "BOND INSURANCE RISKS"

NEW ISSUE – Book-Entry-Only

$4,240,000

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13

(A political subdivision of the State of Texas located within Travis County)

UNLIMITED TAX BONDS, SERIES 2020

Dated Date: July 2, 2020
Interest to Accrue from the Date of Initial Delivery

Due: August 15, as shown on the inside cover page

The bonds described above (the "Bonds") are obligations solely of Travis County Municipal Utility District No. 13 (the "District") and are not obligations of the State of Texas ("State"), Travis County, the Lake Travis Independent School District, the City of Lakeway (the "City") or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA, Dallas, Texas, (the "Paying Agent' or "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds will accrue from the date of initial delivery and will be payable each February 15 and August 15, commencing February 15, 2021, until maturity or prior redemption. Interest on the Bonds accrues from the date of initial delivery and will be payable on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity as shown below.

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 will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System."

Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. See "BOND INSURANCE" herein.

CUSIP PREFIX: 89440C
MATURITY SCHEDULE
See Inside Cover Page

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. See "LEGAL MATTERS." Delivery of the Bonds through DTC is expected on July 2, 2020.

MATURITY SCHEDULE

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield[a]		CUSIP Numbers[b]
2022	$ 75,000	5.000%	1.000%		89440CFP4
2023	75,000	5.000%	1.150%		89440CFQ2
2024	80,000	5.000%	1.300%		89440CFR0
2025	85,000	5.000%	1.400%		89440CFS8
2026	90,000	5.000%	1.450%	(c)	89440CFT6
2027	90,000	2.000%	1.600%	(c)	89440CFU3
2028	95,000	2.000%	1.700%	(c)	89440CFV1
2029	100,000	2.000%	1.800%	(c)	89440CFW9
2030	105,000	2.000%	1.900%	(c)	89440CFX7
2031	110,000	2.000%	2.000%		89440CFY5
2032	115,000	2.000%	2.100%		89440CFZ2
2033	120,000	2.000%	2.200%		89440CGA6
2034	125,000	2.000%	2.250%		89440CGB4
2035	130,000	2.125%	2.300%		89440CGC2
2036	135,000	2.250%	2.350%		89440CGD0
***	***	***	***		***
2050	255,000	2.500%	2.550%		89440CGT5

$2,455,000 2.375% Term Bonds due August 15, 2049 Priced to Yield 2.450%[a] – 89440CGS7[b]

(Interest to accrue from the date of initial delivery)

_____

(a) Initial yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed.

(b) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Initial Purchaser, the District, or the Financial Advisor are responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(c) Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on August 15, 2025, the first optional call date for such Bonds, at a redemption price of par, plus accrued interest to the redemption date.

Bonds maturing on and after August 15, 2026, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Optional Redemption." Additionally, Term Bonds maturing on August 15, 2049 are subject to mandatory sinking fund redemption. See "THE BONDS – Mandatory Sinking Fund Redemption."

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

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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.

This Official Statement is not to be used in 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.

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 Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701, for further information.

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

NONE OF THE DISTRICT, THE FINANCIAL ADVISOR, OR THE INITIAL PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

SALE AND DISTRIBUTION OF THE BONDS

AWARD OF THE BONDS . . . After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets (the "Initial Purchaser") bearing the interest rates shown on the inside cover page hereof, at a price of 97.00% of the par value thereof which resulted in a net effective interest rate of 2.546372% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the "IBA" method).

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

SECURITIES LAWS . . . No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

The statements contained in the Official Statement and in other information provided by the District that are not purely historical are forward-looking statements, including regarding the District's expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in the Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. See "INVESTMENT CONSIDERATIONS – Forward-Looking Statements."

Any references to website 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 websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

MUNICIPAL BOND RATING AND INSURANCE

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign a rating of "AA/(Stable Outlook)" and Moody's Investors Service, Inc. ("Moody's") is expected to assign a rating of "A2"/(Stable Outlook) to the Bonds, as a result of a municipal bond insurance policy issued by AGM at the time of delivery of the Bonds. The Bonds are also rated "Baa3" by Moody's without regard to credit enhancement. See "BOND INSURANCE" and "BOND INSURANCE RISKS."

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OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description ..... The District is a political subdivision of the State of Texas, created by order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality ("TCEQ"), on June 18, 1999, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 886.094 acres of land of which 496.164 acres are developable. See "THE DISTRICT."

Location..... The District is located approximately 20 miles northwest of the central downtown business district of the City of Austin and lies partially within the extraterritorial jurisdiction and partially within the corporate limits of the City of Lakeway and wholly within the boundaries of the Lake Travis Independent School District and Travis County. The District is located on the west side of Farm to Market Road 620 with access from Lakeway Blvd. and State Highway 71. See "AERIAL BOUNDARY MAP."

The Developer..... Portions of the land comprising the District were acquired by Las Ventanas Land Partners, Ltd. ("Las Ventanas") in late 2004, with other portions acquired by JH West Land Ventures, Ltd. ("JHWest") in early 2006. Until November 1, 2017, Rough Hollow Development, Ltd. ("Prior Developer"), which was created to acquire and develop the property in the District and fund development costs, was the primary developer of the land in the District.

On November 1, 2017, the Prior Developer, Las Ventanas and JHWest restructured ownership, and their remaining land in the District was transferred into two new partnerships, RH Lakeway Holdings, Ltd. ("Holdings") and RH Lakeway Development, Ltd. ("Developer"). Holdings was formed to hold land for future sale. The Developer was created to develop the property in the District and fund development costs and is the primary developer of land in the District. The Prior Developer no longer holds any interest in land in the District.

The Developer is a Texas limited partnership. The Developer's general partner is RH Lakeway Development GP, LLC, a Texas limited liability company, and its limited partners are John Scardino, Haythem Dawlett, JH Rough Hollow, LLC, and International Bancshares Corporation.

The Developer arranges development financing prior to commencing development of the land, which has been and is being developed as single-family residential subdivisions, the majority of which is known as Lakeway Highlands and marketed as Rough Hollow. See "THE DISTRICT – Status of Development."

Status of Development ..... As of March 12, 2020, eleven sections within the District, consisting of 405 single-family residential lots and 41 condominium units on 280.879 acres, had been developed with utilities, including water, wastewater and drainage improvements and paved internal roads. A total of 228 homes were complete and occupied, 12 homes were complete and vacant, 43 homes were under construction, and 144 lots and 19 of 41 condominium units were available for home construction as of this same date. There are approximately 215.285 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities, including an approximately 10-acre school site. Homes within the District have sold for prices between approximately $380,000 to in excess of $1,000,000 and are currently being marketed for sale at prices from approximately $399,900 to more than $1,500,000, with square footage ranging from approximately 2,051 to in excess of 4,800. See "THE DISTRICT – Status of Development."

Homebuilders..... According to the Developer, the following homebuilders are currently active within the District: Grand Haven Homes, LP, Brookfield Residential Texas Homes, LLC, Drees Custom Homes, LP, Highland Homes-Austin, Ltd., Westside Landing, LLC, Scott Felder Homes, LLC, and Westin Homes and Properties, LP. Additionally, the Developer has advised the District that the following home builders have constructed homes in the District: MHI Central Texas, LLC (Coventry Homes), Canyonside Ventures LLC, and various custom homebuilders. See "THE DEVELOPER – Homebuilders."

Payment Record..... The District has never defaulted on the payment of its outstanding debt.

THE BONDS

Description	$4,240,000 Unlimited Tax Bonds, Series 2020 (the "Bonds") are being issued pursuant to an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the District's Board of Directors (the "Board") as fully registered bonds. The Bonds are scheduled to mature as serial Bonds on August 15 in the years 2022 through and including 2036 and 2050 and as Term Bonds maturing on August 15, 2049. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds will accrue from the date of initial delivery and will be payable February 15, 2021, and each August 15 and February 15 thereafter, until the earlier of maturity or redemption. See "THE BONDS."
Book-Entry-Only	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 requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds and will be deposited with DTC.
Redemption	The District reserves the right, at its option, to redeem the Bonds maturing on and after August 15, 2026, prior to their scheduled maturities, in whole or in part, in integral multiples of $5,000 on August 15, 2025, or any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. See "THE BONDS – Optional Redemption." If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). See "THE BONDS – Optional Redemption." Additionally, Term Bonds maturing on August 15, 2049 are subject to mandatory sinking fund redemption. See "THE BONDS – Mandatory Sinking Fund Redemption."
Use of Proceeds	Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance	The Bonds are the sixth series of bonds issued out of an aggregate of $113,040,000 principal amount of unlimited tax bonds authorized by the District's voters on May 10, 2008 for the purpose of purchasing and constructing water, wastewater and storm drainage system. The Bonds are issued by the District pursuant to an order of the TCEQ; the terms and conditions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; the election held within the District on May 10, 2008; Chapters 49 and 54 of the Texas Water Code, as amended; and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. After the issuance of the Bonds, the District will have $88,125,000 authorized but unissued utility bonds from the May 10, 2008 election. The District is also authorized to issue refunding bonds in a principal amount of one and one-half times the principal amount of water, wastewater and drainage bonds issued, and $53,055,000 of unlimited tax bonds for parks and recreation purposes, none of which will be used in this issuance. See "INVESTMENT CONSIDERATIONS – Future Debt" and "THE BONDS – Authority for Issuance" and "THE BONDS – Issuance of Additional Debt."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Lakeway, the Lake Travis Independent School District, Travis County, the State of Texas or any entity other than the District. See "THE BONDS – Source of Payment."
Municipal Bond Rating and Insurance	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign a rating of "AA/(Stable Outlook)" and Moody's Investors Service, Inc. ("Moody's") is expected to assign a rating of "A2"/(Stable Outlook) to the Bonds, as a result of a municipal bond insurance policy issued by AGM at the time of delivery of the Bonds. The Bonds are also rated "Baa3" by Moody's without regard to credit enhancement. See "BOND INSURANCE" and "BOND INSURANCE RISKS."
Qualified Tax-Exempt Obligations	The District has designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."

Bond Counsel and Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Austin, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."
General Counsel	Armbrust & Brown, PLLC, Austin, Texas.
Financial Advisor	Specialized Public Finance Inc., Austin, Texas.

RISK FACTORS

The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

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SELECTED FINANCIAL INFORMATION (UNAUDITED)

2016 Certified Taxable Assessed Valuation	$	84,338,014 [(a)]
2017 Certified Taxable Assessed Valuation		131,088,718 [(a)]
2018 Certified Taxable Assessed Valuation		169,706,061 [(a)]
2019 Certified Taxable Assessed Valuation		206,379,458 [(a)]
Estimated Taxable Assessed Valuation (as of April 1, 2020)		245,637,392 [(a)]
Gross Direct Debt Outstanding (after issuance of the Bonds)	$	24,475,000 [(b)]
Estimated Overlapping Debt		6,905,904 [(c)]
Gross Direct Debt and Estimated Overlapping Debt	$	31,380,904
Ratios of Gross Direct Debt to:		
2019 Certified Taxable Assessed Valuation		11.86%
Estimated Taxable Assessed Valuation (as of April 1, 2020)		9.96%
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2019 Certified Taxable Assessed Valuation		15.21%
Estimated Taxable Assessed Valuation (as of April 1, 2020)		12.78%
General Operating Fund Balance as of February 25, 2020	$	3,148,388
Capital Projects Fund Balance as of February 25, 2020	$	398,349
Debt Service Fund Balance as of February 25, 2020	$	1,412,787
2019 District Debt Service Tax Rate	$	0.6250 [(d)]
2019 District Maintenance Tax Rate	$	0.1475 [(d)]
2019 Tax Rates for Overlapping Entities:		
Travis County	$	0.3693
City of Lakeway		0.1645
Travis County ESD #6		0.1000
Travis County Healthcare District		0.1056
Lake Travis Independent School District		1.3375
Total Projected Overlapping Tax Rate	$	2.0769
Average Annual Debt Service Requirement of the Bonds and Outstanding Bonds (2020-2050)	$	1,228,980 [(b)]
Maximum Annual Debt Service Requirement of the Bonds and Outstanding Bonds (2037)	$	1,407,231 [(b)]
Tax Rates Required to Pay Average Annual Debt Service (2020-2050) at a 97.5% Collection Rate		
Based upon 2019 Certified Taxable Assessed Valuation	$	0.6108
Based upon Preliminary Taxable Assessed Valuation (as of April 1, 2020)	$	0.5132
Tax Rates Required to Pay Maximum Annual Debt Service (2037) at a 97.5% Collection Rate		
Based upon 2019 Certified Taxable Assessed Valuation	$	0.6994
Based upon Preliminary Taxable Assessed Valuation (as of April 1, 2020)	$	0.5876

Status of Development as of March 12, 2020:		
Homes Completed and Occupied	228	
Homes Completed but Vacant	12	
Homes Under Construction	43	
Lots Available for Home Construction	144	
Developed Acreage	280.879	
Undeveloped but developable acreage	215.285	[(e)]
Estimated Population	798	[(f)]

(a) As provided by the Travis Central Appraisal District (the "Appraisal District" or "TCAD"). Estimated Taxable Assessed Valuation (as of January 1, 2020) is provided for purposes of illustration only.
(b) Includes the Bonds, as of the expected date of issuance. See "DEBT SERVICE REQUIREMENTS."
(c) See "DEBT SERVICE REQUIREMENTS – Estimated Overlapping Debt."
(d) The District adopted its 2019 tax rate at its September board meeting.
(e) Includes approximately 10-acre school site.
(f) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT
$4,240,000
TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13
(A political subdivision of the State of Texas located within Travis County)
UNLIMITED TAX BONDS, SERIES 2020

This Official Statement provides certain information in connection with the issuance by Travis County Municipal Utility District No. 13 (the "District") of its $4,240,000 Unlimited Tax Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), an order of the Texas Commission on Environmental Quality (the "TCEQ") and an election held within the District on May 10, 2008.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, the developer, and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement will be submitted to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

INVESTMENT CONSIDERATIONS

GENERAL . . . The Bonds are obligations solely of the District and are not obligations of the City of Lakeway, the Lake Travis Independent School District, Travis County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or, in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "INVESTMENT CONSIDERATIONS – Tax Collections Limitations and Foreclosure Remedies." The collection by the District of delinquent taxes owed to it and the enforcement by registered owners ("Registered Owners") of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies" below.

INFECTIOUS DISEASE OUTLOOK (COVID-19) . . . The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation, which among other things, imposed limitations on social gatherings of more than 10 people, ordered closure of in-person classroom attendance at school districts through the remainder of the 2019 – 2020 school year and maintained certain mandates regarding the minimization of in-person contact with people who are not in the same household. On April 17, 2020, the Governor issued Executive Order GA-16 generally continuing the same social-distancing restrictions and other obligations for Texans according to federal guidelines, but also provided the first steps to re-open businesses in Texas beginning May 1, 2020. On May 6, 2020, the Governor subsequently expanded the types of businesses that could reopen and provided for a staged reopening for those businesses starting May 8, 2020 and May 18, 2020. On May 18, 2020, the Governor issued Executive Order No.GA-23, effective until June 3, 2020, but subject to extension based on the status of COVID-19 in Texas and the recommendations of the Governor's Strike Force to Open Texas, the White House Coronavirus Task Force, and the CDC. Executive Order No.GA-23 provided a plan for the further reopening of businesses through the month of May, and reopened school campuses for in-person classroom instructions beginning June 1, 2020. Additionally, Executive Order No. GA-23, among other things, maintained certain mandates regarding the minimization of in-person contact with people who are not in the same household except to provide or obtain services included on a list of services defined as "Covered Services." Executive Order No. GA-23 provides for a phased expansion of the scope of services that are considered Covered Services and thus the reopening of businesses in Texas, but such openings remain subject to future restrictions in the Governor's discretion based on factors such as an increase in the transmission

of COVID-19 or in the amount of COVID-19-related hospitalizations or fatalities. Furthermore, the Governor has suspended various statutes of the Texas Open Meetings Act that require government officials and members of the public to be physically present at a specified meeting location. This temporary suspension will allow for telephonic or videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in-person meetings that assemble large groups of people. In addition, Travis County, within which the District is located, has issued "stay home" orders for most citizens except when engaged in specific essential business functions. Travis County's "stay home" order does not prohibit homebuilding activity within the District. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Austin area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS

Economic Factors and Interest Rates: A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots which are currently being marketed by the Developer for sale to homebuilders for the construction of single-family residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics and prospects of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values and thus increase the rate of taxation in the District.

Interest rates and the availability of mortgage and development funding have a direct impact on construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued development and construction within the District. In addition, although located approximately 20 miles northwest of the central downtown business district of the City of Austin, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies. See "Regional Economics" below.

Developer under No Obligation to the District: There is no commitment from, or obligation of, any developer to proceed with the development of land or the construction of homes in the District, at any particular rate or according to any specified plan and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the Developer and the other principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what effect the future financial condition of either may have on their ability to pay taxes. See "THE DEVELOPER" and "TAX DATA – Principal Taxpayers."

Competition: The demand for and construction of single-family homes in the District could be affected by competition from other residential developments in western Travis County, many of which have a more mature development status. In addition to competition for new home sales with other developments, there are numerous previously-owned homes in more established neighborhoods that are for sale. Such homes could represent additional competition for new homes proposed to be sold within the District. The competitive position of the Developer in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that additional building and marketing programs by the Developer and homebuilders will be implemented in the District or, if implemented, will be successful.

DROUGHT CONDITIONS . . . Central Texas, like other areas of the State, has experienced drought conditions. The District receives its raw water supply from the Lower Colorado River Authority and has been allocated a sufficient raw water supply for full build-out of the District; however, in a drought, this raw water supply could be restricted or curtailed. The Lower Colorado River Authority has required that the District prepare and file a curtailment plan under which the District's usage would be reduced by 20% under certain drought conditions. If the Lower Colorado River Authority implements a curtailment, the District would be required to reduce its water usage and, if it failed to do so, the Lower Colorado River Authority would impose higher, penalty rates. While treated water services to the District are currently provided in amounts sufficient to service the residents of the District, if drought conditions continue or worsen, the available water supplies as well as water usage, District revenues, expenses and rates could be impacted. See "WATER SUPPLY, WATER AND WASTEWATER SERVICES AND PENDING MATTERS." The District is also closely situated to Lake Travis and low lake levels due to drought conditions could impact the marketability of lots and homes within the District as well as the assessed valuation of such lots and homes.

WATER SUPPLY AND SERVICES ISSUES . . . The District is being developed along with Travis County Municipal Utility District No. 12 ("MUD 12") and Travis County Municipal Utility District No. 11 ("MUD11") (collectively, the "Participating Districts"). The Participating Districts receive their raw water supply from the Lower Colorado River Authority ("LCRA") under the terms of a Firm Water Contract dated September 25, 2008 that has been entered into by MUD 12 on behalf of the Participating Districts (the "Raw Water Contract").

The "Amended and Restated Memorandum of Understanding Regarding Shared Raw Water Supply and Water and Wastewater Capacity and Services" dated April 5, 2010 (the "MOU"), as amended, describes the Participating Districts' agreement to, among other things, (i) share the 1,680 acre feet of raw water supply provided by LCRA under the terms of the Raw Water Contract, (ii) jointly construct and operate certain water and wastewater facilities which will serve Lakeway Highlands; and (iii) share the wastewater treatment capacity provided by Lakeway Municipal Utility District ("Lakeway MUD") under the "Wholesale Wastewater Capacity and Services Agreement" dated effective July 29, 2015 between MUD 12 and Lakeway MUD (the "Lakeway Agreement"). Treatment of raw water necessary to serve Lakeway Highlands, including all of the land within the District, is provided through the West Travis County Water System under a Wholesale Water Services Agreement dated effective October 20, 2009, which MUD 12 originally entered with the LCRA on behalf of the Participating Districts (the "LCRA Water Services Contract"). On March 19, 2012, the LCRA transferred certain rights and obligations related to the West Travis County Water System, including the LCRA Water Services Contract, to the West Travis County Public Utility Agency (the "PUA"), and the PUA is now providing wholesale water treatment and delivery services to Lakeway Highlands under the terms of the LCRA Water Services Contract. The PUA has purchased the West Travis County Water System from the LCRA under the terms of an installment purchase contract.

Effective January 1, 2014, the PUA implemented changes in its rate methodology that have significantly increased the rates charged by the PUA for wholesale water services to the District and the other Participating Districts and is projected to continue to increase such rates in the future. On March 6, 2014, MUD 12, as the managing district under the MOU, filed an administrative appeal on behalf of the Participating Districts before the Public Utility Commission of Texas (the "PUCT") appealing a change of wholesale water rates implemented by the PUA under the LCRA Water Services Contract. MUD 12's appeal sought to have the PUCT declare that the rates for wholesale water service charged to the Participating Districts and the rate methodology used by the PUA to set the rates adversely affected the public interest, and to ultimately require the PUA to submit to the rate setting authority of the PUCT for a determination of just and reasonable rates. After a contested case hearing and based on a recommendation by an Administrative Law Judge, the PUCT concluded that the rate and methodology were not adverse to the public interest and denied the District's appeal. MUD 12's lawsuit in District court asserting a breach of contract claim against the PUA was also unsuccessful.

The PUA's wholesale water service rates for future years continue to increase under the PUA's revised rate methodology, those increases would result in corresponding increases in the District's cost of service as well as the rates charged by the District to its customers and adversely affect customer water usage and revenues. Such increases could also affect the marketability of lots and homes within the District.

Under the terms of the Utility Construction Agreement ("UCA") between the District and the Prior Developer dated effective as of January 10, 2012, as amended, the Prior Developer agreed to advance and pay all of the District's costs under the Raw Water Contract that are not directly related and attributable to raw water used to provide service to the District's customers, as well as the District's costs under the MOU, as amended, and the LCRA Water Services Contract that are not directly related and attributable to services being provided to its customers until the District is utilizing all capacity or services allocated to it or has sufficient revenues to pay all costs associated with unused capacity or service. The Prior Developer assigned the UCA to the Developer, and the Developer assumed and agreed to perform all of the Prior Developer's obligations under the UCA, by Assignment of Utility Construction Agreement, Facilities and Capacity and Reimbursement Rights and District Consent dated effective as of November 1, 2017. The Prior Developer also assigned its rights and obligations under the MOU, as amended, to the Developer and the Developer assumed and agreed to perform all of the Prior Developer's obligations under the MOU, as amended, by Assignment of Amended and Restated Memorandum of Understanding Regarding Shared Raw Water Supply and Water and Water Capacity and Services dated effective November 1, 2017. The District's expenses could be detrimentally affected if the Developer fails to pay sums it has agreed to pay under the UCA.

MAXIMUM IMPACT ON DISTRICT TAX RATES . . . Assuming no further development, the value of the land and improvements currently existing within the District will be the major determinant of the ability or willingness of owners of property within the

District to pay their taxes. The 2019 Certified Taxable Assessed Valuation is $206,379,458. After issuance of the Bonds, the maximum debt service requirement will be $1,407,231 (2037), and the average annual debt service requirement will be $1,228,980 (2020-2050, inclusive). See "DEBT SERVICE REQUIREMENTS." Assuming no increase or decrease from the 2019 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.6994 and $0.6108 per $100 appraised valuation at a ninety-seven and a half percent (97.5%) collection rate would be necessary to pay the maximum debt service requirement and the average annual debt service requirement, respectively.

While the District anticipates future increases in taxable values, it makes no representations that over the term of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by property owners.

DEPENDENCE ON MAJOR TAXPAYERS AND THE DEVELOPER . . . The ten principal taxpayers in the District represented $41,091,448 or 19.91% of the District's 2019 Certified Taxable Assessed Valuation of $206,379,458. The Developer represents $21,446,454 or 10.39% of the District's 2019 Certified Taxable Assessed Valuation. If the Developer (or other principal taxpayer) was to 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 lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service fund. See "Tax Collection Limitations and Foreclosure Remedies" in this section, "TAX DATA – Principal Taxpayers," and "TAXING PROCEDURES – Levy and Collection of Taxes."

The Developer has informed the Board that its current plan is to continue marketing the remaining developed lots in the District to homebuilders. However, neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer or any other landowner within the District to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer or any other landowner. See "THE DEVELOPER."

UNDEVELOPED ACREAGE . . . There are approximately 215.285 net developable acres of land within the District that have not been provided with water, wastewater and storm drainage and detention facilities including an approximately 10-acre school site. The District makes no representation as to when or if development of this acreage will occur. See "THE DISTRICT – Land Use."

DEVELOPMENT AND HOME CONSTRUCTION IN THE DISTRICT . . . As of March 12, 2020, approximately 106 single family lots and 29 condominium units were available for construction. Failure of the Developer or homebuilders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and other tax-supported debt of the District. Future increases in value will result primarily from the construction of homes by builders. See "Maximum Impact on District Tax Rates" above.

TAX COLLECTIONS LIMITATIONS AND FORECLOSURE REMEDIES . . . The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial 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, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "DEBT SERVICE REQUIREMENTS – Estimated Overlapping Debt" and "– Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

REGISTERED OWNERS' REMEDIES . . . Remedies available to Registered Owners of Bonds in the event of a default by the District in one or more of its obligations under the Bond Order are limited. Although state law and the Bond Order provide that the Registered Owners may obtain a writ of mandamus requiring performance of such obligations, such remedy must be exercised upon each default and may prove time-consuming, costly and difficult to enforce. State law and the Bond Order do not provide for acceleration of maturity of the Bonds. Additionally, the Bond Order does not appoint a trustee to protect the interests of the Registered Owners or any other additional remedy in the event of a default by the District and, consequently, the remedy of mandamus may have to be relied upon from year-to-year. 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 Bonds are not secured by an interest in the

improvements financed with Bond proceeds or any other property of the District. No judgment against the District is enforceable by execution of a levy against the District's public purpose property. See "THE BONDS – Remedies in Event of Default."

Further, the Registered Owners themselves cannot foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The rights of the Registered Owners and the enforceability of the Bonds may also be delayed, reduced or otherwise affected by proceedings under the Federal Bankruptcy Code or other laws affecting the enforcement of creditors' rights generally or by a State statute reasonably required to attain an important public purpose. See "Bankruptcy Limitation to Registered Owners' Rights" below.

BANKRUPTCY LIMITATION TO REGISTERED OWNERS' RIGHTS . . . The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to governmental immunity, bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a municipal utility district such as the District to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

A district may not be forced into bankruptcy involuntarily.

FUTURE DEBT . . . The District has the right to issue obligations other than the Bonds, including bonds, tax anticipation notes, bond anticipation notes, and refunding bonds and notes and to borrow for any valid corporate purpose. Following the issuance of the Bonds, the District will not owe the Developer any funds for eligible facilities constructed to date. A total of $113,040,000 principal amount of unlimited tax bonds have been authorized by the District's voters pursuant to the May 10, 2008 election and, after the issuance of the Bonds, $88,125,000 of unlimited tax bonds will remain authorized but unissued for purchasing and constructing a water, wastewater and drainage system. It is anticipated that such bonds will be issued to reimburse the Developer for eligible facilities constructed to date and to finance facilities which have not yet been constructed (see "WATER SUPPLY, WATER AND WASTEWATER SERVICES AND PENDING MATTERS"). In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The District is also authorized to issue bonds to refund or redeem its outstanding debt and issue park and recreational bonds. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of bonds which it may issue. The issuance of certain types of additional bonds and obligations are subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS – Issuance of Additional Debt."

ENVIRONMENTAL REGULATIONS . . . Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

- Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
- Restricting the manner in which wastes are released into the air, water, or soils;
- Restricting or regulating the use of wetlands or other property;
- Requiring remedial action to prevent or mitigate pollution; and
- Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a municipal utility district or other type of 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 as to future compliance of and the ability to operate the District's water supply, waste water treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to districts. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Air Quality Issues. The Federal Clean Air Act ("CAA") requires the United States Environmental Protection Agency (the "EPA") to adopt and periodically revise national ambient air quality standards ("NAAQS") for each air pollutant that may reasonably be anticipated to endanger public health or welfare. Areas that exceed the NAAQS for a given pollutant can be designated as nonattainment by the EPA. A nonattainment designation then triggers a process by which the affected state must develop and implement a plan to improve air quality and "attain" compliance with the appropriate standard. This so called State Implementation Plan ("SIP") entails enforceable control measures and time frames.

In 1997, the EPA adopted the "8-hour" ozone standard of 80 parts per billion ("ppb") (the "1997 Ozone Standard") to protect public health and welfare. In 2008, the EPA lowered the ozone standard to 75 ppb (the "2008 Ozone Standard"). The Austin area, consisting of Williamson, Hays, Travis, Bastrop and Caldwell Counties (the "Austin Area") was not designated "nonattainment" under the 2008 Ozone Standard.

On October 1, 2015, the EPA lowered the ozone standard to 70 ppb (the "2015 Ozone Standard"). On May 1, 2018, the EPA designated the Austin Area as "attainment" under the 2015 Ozone Standards, which became effective on August 3, 2018.

Should the Austin Area fail to achieve attainment under EPA NAAQS, or should the Austin Area fail to satisfy a then effective SIP (for nonattainment or otherwise), or for any other reason should a lapse in conformity with the CAA occur, the Austin Area may be subjected to sanctions pursuant to the CAA. Under such circumstances, the TCEQ would be required under the CAA to submit to the EPA a new SIP under the CAA for the Austin Area. Due to the complexity of the nonattainment/conformity analysis, the status of EPA's implementation of any future EPA NAAQS and the incomplete information surrounding any SIP requirements for areas designated nonattainment under any future EPA NAAQS, the exact nature of sanctions or any potential SIP that may be applicable to the Austin Area in the future is uncertain. The CAA provides for mandatory sanctions, including the suspension of federal highway funding, should the State fail to submit a proper SIP, or associated submissions, or fail to revise or implement a SIP, or fail to comply with an existing SIP. Subject to certain exceptions, if the Austin Area falls out of conformity and the mandatory highway funding suspension sanction is implemented, the United States Secretary of Transportation may be prohibited from approving or awarding transportation projects or grants within the area.

It is possible that nonattainment, a lapse in conformity under the CAA, litigation involving injunctive or other relief, or other environmental issues may impact new industrial, commercial and residential development in the Austin Area.

Water Quality Issues. Water supply and discharge regulations that the District may be required to comply with include: (1) public water supply systems (2) waste water discharges from treatment facilities and (3) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the Safe Drinking Water Act, potable (drinking) water provided by the District to more than twenty-five (25) people or fifteen (15) service connections will be subject to extensive federal and state regulation as a public water supply system, which include, among other requirements, frequent sampling and analyses. Further, EPA adopted new drinking water rules in 2006 (the Stage 2 Disinfectants and Disinfection Byproducts Rule; the Long Term 2 Enhanced Surface Water Treatment Rule, and the Ground Water Rule), which the TCEQ proposed adopting in July 2007. When these rules are adopted, they will affect all public water systems which will have to make any improvements necessary to adhere to the new requirements. Additionally, the EPA has been charged with establishing maximum contaminant levels (MCLs) for potential drinking water contaminants (both naturally occurring and anthropogenic) such as arsenic, lead, radon, and disinfection by-products (e.g. chlorine). Additional or more stringent regulations or requirements pertaining to these and other drinking water contaminants in the future could require installation of more costly treatment facilities.

Operations of the sewer facilities serving the District is subject to regulation under the Federal Clean Water Act and the Texas Water Code. All discharges of pollutants into the nation's navigable waters must comply with the Clean Water Act. The Clean Water Act allows municipal wastewater treatment plants to discharge treated effluent to the extent allowed in permits issue by the EPA pursuant to the National Pollutant Discharge Elimination System ("NPDES") program, a national program established by the Clean Water Act for issuing, revoking, monitoring and enforcing wastewater discharge permits. On September 14, 1998, EPA authorized Texas to implement the NPDES program, which is called the Texas Pollutant Discharge Elimination System ("TPDES") program.

TPDES permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. Any discharges to water bodies designated as impaired streams in accordance with the Clean Water Act may be precluded from obtaining a TPDES permit if pollutants for which the stream is designated as impaired are among those pollutants being released by a District. Moreover, the Clean Water Act and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations. In addition, under the Clean Water Act, states must identify any bodies of water for which more stringent effluent standards are needed to achieve water quality standards and must establish the maximum allowable daily load of certain pollutants into the water bodies. Total maximum daily loads ("TMDLs") rules can have a significant impact on Districts' ability to obtain TPDES permits and maintain those permits. Districts may be required to expend substantial funds to meet any of these regulatory requirements. If the District fails to achieve compliance with its discharge permits, a private plaintiff or the EPA could institute a civil action for injunctive relief and civil penalties.

Operations of the District are also potentially subject to requirements and restrictions under the Clean Water Act regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the U.S. Army Corps of Engineers if operations of the District require that wetlands be filled, dredged, or otherwise altered.

Atlas 14 Study. The National Weather Service recently completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. Based on this study, various governmental entities, including Hays County, are contemplating amendments to their regulations that

will potentially increase the size of the 100 year floodplain and will also increase the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain).

STORM WATER QUALITY. . . Operations of the District are also potentially subject to stormwater discharge permitting requirements as set forth under the Clean Water Act. The TCEQ adopted by reference the vast majority of the EPA regulations relating to stormwater discharges and currently has issued a general permit for stormwater discharges associated with industrial activities and recently adopted two general permits for stormwater discharges associated with construction activities and municipal separate storm sewer systems effective August 13, 2007. The District may be potentially subject to stormwater discharge permitting requirements under each of these general permitting programs. Moreover, the District may be required to develop and implement stormwater pollution prevention plans and stormwater management plans. The District could incur substantial costs to develop and implement such plans and in connection with the installation or performance of best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties as well as injunctive relief under the Clean Water Act or the Texas Water Code.

MARKETABILITY OF THE BONDS . . . The District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

DEMAND FOR AND FLUCTUATION OF ASSESSED VALUATION OF CERTAIN HOUSING PRODUCTS . . . As reflected in "THE DEVELOPER – Description of the Developer" herein, the housing products completed and currently planned for in the District consist of single-family homes and detached condominium/patio homes with anticipated prices ranging from $330,000 to over $1,500,000. Due to the price ranges of the housing currently under construction and planned within the District, the demand and fluctuation of assessed valuation for such housing products may be more adversely affected by economic conditions than other lower cost housing products within the Austin area. Due to the higher than normal average home values within the District, there is a greater likelihood that homeowners will annually challenge TCAD's appraisals.

NO REQUIREMENT TO BUILD ON DEVELOPED LOTS . . . There is currently no requirement that individuals or other purchasers of developed lots within the District commence or complete construction of improvements within any particular time period. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable value in the District.

CONTINUING COMPLIANCE WITH CERTAIN COVENANTS . . . Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "TAX MATTERS."

ANNEXATION . . . As originally created, the District was located within the extraterritorial jurisdiction of the City of Lakeway (the "City"). The Resolution adopted by the City Council of the City on August 17, 1998, consenting to the creation of the District (the "Consent Resolution") required that the District agree to consent to the City's annexation of less than all of the land within the District, provided that the annexation complied with the applicable laws. The City has taken action to annex portions of the District in phases as development occurs. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council. If an entire district is annexed by a city, the annexing city is required to assume all debt obligations of the district; however, based on the City's past practice and the Consent Resolution, the City may not intend to annex the entire District and assume its outstanding debt.

Additionally, under Chapter 43, Texas Local Government Code, as amended, House Bill 347 approved during the 86th Regular Legislative Session in 2019 ("HB 347"), (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of March 12, 2020, the District had an estimated population of 1,323, thus triggering the voter approval and/or landowner consent requirements discussed in clause (b) above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the District. HB 347 could affect future efforts of the City to annex land within the District. The District makes no representation as to whether the City will continue to annex portions of the District or whether the City will ever annex the entire District and assume the District's outstanding debt and/or dissolve the District.

TAX EXEMPT PROPERTY STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY . . . There is the potential for property within the District to be acquired by the Strategic Housing Finance Corporation of Travis County ("SHFC"), a public nonprofit housing finance corporation established in 2004 pursuant to Chapter 394 of the Texas Local Government Code (the "Texas Housing Finance Corporations Act"). SHFC operates a lease-to-purchase affordable housing program for low to moderate income families in Travis County that was initially financed with the proceeds of $35 million in Lease Purchase Revenue Bonds issued by SHFC in 2004. Pursuant to the program as currently structured by SHFC, low to moderate income families in Travis County pay a fee to SHFC which purchases a home and leases it back to the family for a period of thirty nine (39) months. Under the Texas Housing Finance Corporations Act, all property owned by a nonprofit housing finance corporation, such as SHFC, is tax exempt; therefore, during the thirty nine (39) month term of the lease, during which SHFC owns the home, that property is removed from the tax rolls of the District. If the tenant vacates the property or cannot afford to assume the mortgage at the end of the lease term, then the property may remain tax exempt indefinitely. Presently, there are no homes within the District that are owned by SHFC and have been removed from the tax rolls. Because the SHFC program is between itself and an individual resident, the District cannot make any projection regarding the future impact the SHFC program may have on its taxable appraised values. It is not known whether SHFC will seek additional funding for its program in the future or alter the terms and leasing arrangements at which it offers homes through its programs. Additionally, taxable appraised values may also be adversely affected if similar lease-to-purchase affordable housing programs are instituted by other corporations created under the Texas Housing Finance Corporations Act.

FORWARD-LOOKING STATEMENTS . . . The statements contained in this Official Statement and in any other information provided by the District that are not purely historical are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

OVERLAPPING AND COMBINED TAX RATES . . . The overlapping tax rate for the District reflects a composite overlapping tax rate including the District's debt service and/or maintenance taxes of $2.8494 per $100 of assessed valuation. The tax rate that may be required to service debt on any bonds issued by the District is subject to numerous uncertainties such as the growth of taxable values within the boundaries of the District, the amount of direct Unlimited Tax and Revenue Bonds issued by the District, regulatory approvals, construction costs and interest rates. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property within the District will be competitive with the tax rates of competing projects in the Austin metropolitan area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values within the District and the investment quality or security of the Bonds could be adversely affected.

The current TCEQ rules regarding the feasibility of a bond issue for a utility district in Travis County limit the projected combined total tax rate of entities levying a tax for water, wastewater and drainage to $1.20. The projections for the District are consistent with the rules of the TCEQ. If the total combined tax rate of the District should ever exceed $1.20, the District could be prohibited under rules of the TCEQ from selling additional bonds.

The District may issue additional debt which may change the projected and actual tax rates in the future, which changes may adversely affect future growth and which could affect the ability of the District to issue debt in the future.

THE EFFECT OF THE FINANCIAL INSTITUTIONS ACT OF 1989 ON TAX COLLECTIONS OF THE DISTRICT . . . The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("FIRREA"), enacted on August 9, 1989, contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties or fines, including those arising from the failure to pay any real or personal property tax when due and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

There has been little judicial determination of the validity of the provisions of FIRREA or how they are to be construed and reconciled with respect to conflicting state laws. However, certain recent federal court decisions have held that the FDIC is not liable for statutory penalties and interest authorized by State property tax law, and that although a lien for taxes may exist against real property, such lien may not be foreclosed without the consent of the FDIC, and no liens for penalties, fines, interest, attorney's fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time

for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

FUTURE AND PROPOSED LEGISLATION . . . Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

GOVERNMENTAL APPROVAL . . . As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The TCEQ approved the issuance of the Bonds by an order signed on April 14, 2020 (the "TCEQ Order"). In addition, the Attorney General of Texas must also approve the legality of the Bonds prior to their delivery.

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

BOND INSURANCE RISKS . . . For a discussion of certain risk factors associated with municipal bond insurance, see "BOND INSURANCE RISKS."

THE BONDS

GENERAL DESCRIPTION . . . The Bonds will bear interest from the date of initial delivery and will mature on August 15 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will accrue from the date of initial delivery, will be paid on February 15, 2021 and each August 15 and February 15 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent" or "Paying Agent/Registrar").

OPTIONAL REDEMPTION . . . The Bonds maturing on and after August 15, 2026 are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 15, 2025, or on any date thereafter, in integral multiples of $5,000, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

MANDATORY SINKING FUND REDEMPTION . . . The Bonds maturing on August 15, 2049 (the "Term Bonds") are subject to mandatory sinking fund redemption prior to their stated maturity in the following amounts, on the following dates and at a price of par to the date of redemption by lot:

Term Bonds Due August 15, 2049	
Redemption Date	Principal Amount
August 15, 2037	$ 145,000
August 15, 2038	150,000
August 15, 2039	155,000
August 15, 2040	165,000
August 15, 2041	170,000
August 15, 2042	180,000
August 15, 2043	185,000
August 15, 2044	195,000
August 15, 2045	205,000
August 15, 2046	215,000
August 15, 2047	220,000
August 15, 2048	230,000
August 15, 2049*	240,000

*Stated Maturity.

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 option of the District, by the principal amount of any Term Bonds of the stated maturity which, at least 50 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 for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District with monies in the 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.

Notice of Redemption . . . At least 30 calendar days prior to the date fixed for any optional redemption of Bonds or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent by United States mail, first-class postage prepaid, at least 30 calendar days prior to the date fixed for redemption, to the registered owner of each Bond to be redeemed at its address as it appeared on the 45th calendar day prior to such redemption date and to major securities depositories and bond information services.

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

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent will give notice in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

SELECTION OF BONDS FOR REDEMPTION . . . If less than all of the Bonds are called for redemption, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the District, and if less than all of a maturity, or sinking fund installment in the case of Term Bonds, is to be redeemed, the Paying Agent/Registrar shall determine by lot or other customary random method the Bonds, or portions thereof within such maturity to be redeemed (provided that a portion of a Bond may be redeemed only in integral multiples of $5,000 principal amount); provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity, or sinking fund installment in the case of Term Bonds, and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity, such interest rate and such sinking fund installment in the case of Term Bonds shall be selected in accordance with the arrangements between the District and the securities depository.

DTC REDEMPTION PROVISION . . . The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC.

In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants. Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . . The District is initially utilizing the book-entry-only system of DTC ("Book-Entry-Only-System"). See "BOOK-ENTRY-ONLY SYSTEM." In the event that the Book-Entry-Only System is discontinued by DTC or the District, the following provisions will be applicable to the Bonds.

PAYMENT . . . Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Austin, Texas (the "Designated Payment/Transfer Office"). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order

to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

REGISTRATION. . . If the Book-Entry-Only System is discontinued, the Bonds may be transferred and re-registered on the registration books of the Paying Agent only upon presentation and surrender thereof to the Paying Agent at the Designated Payment/Transfer Office. A Bond also may be exchanged for a Bond or Bonds of like maturity and interest and having a like aggregate principal amount or maturity amount, as the case may, upon presentation and surrender at the Designated Payment/Transfer Office. All Bonds surrendered for transfer or exchange must be endorsed for assignment by the execution by the registered owner or his duly authorized agent of an assignment form on the Bonds or other instruction of transfer acceptable to the Paying Agent. Transfer and exchange of Bonds will be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such transfer or exchange. A new Bond or Bonds, in lieu of the Bond being transferred or exchanged, will be delivered by the Paying Agent to the registered owner, at the Designated Payment/Transfer Office of the Paying Agent or by United States mail, first-class, postage prepaid. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer in the denominations of $5,000 or any integral multiple thereof.

LIMITATION ON TRANSFER OF BONDS . . . Neither the District nor the Paying Agent shall be required to make any transfer, conversion or exchange to an assignee of the registered owner of the Bonds (i) during the period commencing on the close of business on the fifteenth (15th) (whether or not a business day) calendar day of the month preceding each interest payment date (the "Record Date") and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

REPLACEMENT BONDS . . . If a Bond is mutilated, the Paying Agent will provide a replacement Bond in exchange for the mutilated bond. If a Bond is destroyed, lost or stolen, the Paying Agent will provide a replacement Bond upon (i) the filing by the registered owner with the Paying Agent of evidence satisfactory to the Paying Agent of the destruction, loss or theft of the Bond and the authenticity of the registered owner's ownership and (ii) the furnishing to the Paying Agent of indemnification in an amount satisfactory to hold the District and the Paying Agent harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond must be borne by the registered owner. The provisions of the Bond Order relating to the replacement Bonds are exclusive and to the extent lawful, preclude all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

AUTHORITY FOR ISSUANCE . . . At a bond election held within the District on May 10, 2008, the voters of the District authorized the issuance of $113,040,000 principal amount of unlimited tax new money bonds. The District is also authorized to issue refunding bonds in the amount of one and one-half times the principal amount of water, wastewater and drainage bonds issued and $53,055,000 of unlimited tax bonds for parks and recreation purposes, none of which will be issued with this issuance. See "Issuance of Additional Debt" below.

The Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

SOURCE OF AND SECURITY FOR PAYMENT . . . The Bonds will be payable from and secured by a pledge of the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds. The Bond Order provides for the termination of the pledge of taxes when and if the City of Lakeway ("Lakeway") annexes and dissolves the District and assumes all debts and liabilities of the District.

Under Texas law, the District may be annexed and dissolved by Lakeway without the consent of the District or its residents. If the entire District is annexed, Lakeway must assume the assets, functions, and obligations of the District (including the Bonds) and the pledge of taxes will terminate; however, although the City has taken action to annex portions of the District in phases as development occurs, based on the City's past practice and the Consent Resolution, the City may not intend to annex the entire

District and assume its outstanding debt. No representation is made concerning the likelihood of annexation or dissolution or the ability of Lakeway to make debt service payments on the Bonds should dissolution occur. See "INVESTMENT CONSIDERATIONS – Annexation."

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Travis County, the City of Lakeway, Lake Travis ISD, or any entity other than the District.

PAYMENT RECORD . . . The Bonds constitute the sixth installment of bonds issued by the District. The District has previously issued $3,000,000 Unlimited Tax Bonds, Series 2015, $3,275,000 Unlimited Tax Bonds, Series 2016, $4,400,000 Unlimited Tax Bonds, Series 2016A, $6,500,000 Unlimited Tax Bonds, Series 2018, and $3,500,000 Unlimited Tax Bonds, Series 2019 (the "Outstanding Bonds"). The District has not defaulted on the payment of principal of or interest on the Outstanding Bonds. See "DEBT SERVICE REQUIREMENTS."

FLOW OF FUNDS . . . The Bond Order creates or confirms the creation by the District of a Debt Service Fund and a Capital Projects Fund. Each fund shall be kept separate and apart from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owner of the Bonds. Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

DEBT SERVICE FUND . . . The Bond Order establishes the Debt Service Fund to be used to pay principal and interest on and Paying Agent fees in respect to the Bonds. The Bond Order requires that the District deposit to the credit of the Debt Service Fund (i) from the delivery of the Bonds to the Initial Purchaser, the amount received from proceeds of the Bonds representing accrued interest, if any, and capitalized interest on the Bonds, (ii) District ad valorem taxes (and penalties and interest thereon) levied to pay debt service requirements on (or fees and expenses of the Paying Agent with respect of) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Order requires that the Debt Service Fund be applied solely to provide for the payment of the principal or redemption price of and interest on the Bonds when due, and to pay fees to Paying Agent when due.

CAPITAL PROJECTS FUND . . . The Capital Projects Fund is the capital improvements fund of the District. The Bond Order requires the District to deposit to the credit of the Capital Projects Fund the balance of the proceeds of the Bonds remaining after the deposits to the Debt Service Fund provided in the Bond Order. The Capital Projects Fund may be applied solely to (i) pay the costs necessary or appropriate to accomplish the purposes for which the Bonds are issued, (ii) pay the costs of issuing the Bonds and (iii) to the extent the proceeds of the Bonds and investment income attributable thereto are in excess of the amounts required to acquire and construct water, wastewater and drainage facilities as approved by TCEQ, then it is in the discretion of the Board of Directors of the District to transfer such unexpended proceeds or income to the Debt Service Fund or to utilize such funds as otherwise authorized by the TCEQ.

PAYING AGENT/REGISTRAR . . . Principal of and semiannual interest on the Bonds will be paid by BOKF, NA, having an office for payment in Dallas, Texas, the Paying Agent. The Paying Agent must be either a bank, trust company, financial institution or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

Provision is made in the Bond Order for the District to replace the Paying Agent by a resolution of the District giving notice to the Paying Agent of the termination of the appointment, stating the effective date of the termination and appointing a successor Paying Agent. If the Paying Agent is replaced by the District, the new Paying Agent shall be required to accept the previous Paying Agent's records and act in the same capacity as the previous Paying Agent. Any successor paying agent/registrar selected by the District shall be subject to the same qualification requirements as the Paying Agent. The successor paying agent/registrar, if any, shall be determined by the Board of Directors and written notice thereof, specifying the name and address of such successor paying agent/registrar will be sent by the District or the successor paying agent/registrar to each registered owner by first-class mail, postage prepaid.

DEFEASANCE OF OUTSTANDING BONDS . . . General . . . The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a "Defeased Bond"), except to the extent provided below for the Paying Agent to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits

of, the ad valorem taxes levied and pledged, as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and shall not be regarded as outstanding under the Bond Order.

Any money so deposited with or made available to the Paying Agent or an eligible trust company or commercial bank also may be invested at the written direction of the District in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be remitted to the District or deposited as directed in writing by the District.

Until all Defeased Bonds shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Bonds the same as if they had not been defeased, and the District shall make proper arrangements to provide and pay for such services as required by the Bond Order.

For purposes of these provisions, "Defeasance Securities" means (i) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) non-callable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (iii) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Board of Directors adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

Any such obligations must be certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to provide all debt service payments on the Bonds.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made without amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or those for any other Defeasance Securities will be maintained at any particular rating category.

RETENTION OF RIGHTS . . . To the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the District retains the right under Texas law to later call the Defeased Bond for redemption in accordance with the provisions of the order authorizing its issuance, the District may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon satisfaction of the provisions set forth above regarding such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

INVESTMENTS . . . Any escrow agreement or other instrument entered into between the District and the Paying Agent or an eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent or an eligible trust company or commercial bank for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of certain requirements. All income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank which is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, will be remitted to the District or deposited as directed in writing by the District.

RECORD DATE . . . The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the last calendar day of the month (whether or not a business day) preceding such interest payment date.

ISSUANCE OF ADDITIONAL DEBT . . . The District may issue additional ad valorem tax bonds and long-term revenue bonds and notes, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. See "THE DISTRICT – General." The District's voters have authorized the issuance of $113,040,000 principal amount of bonds for constructing and/or acquiring a waterworks, sanitary sewer and storm sewer systems refunding bonds in the amount of one and one-half times the principal amount of the water, wastewater and drainage bonds issued, and could authorize additional amounts. After the issuance of the Bonds, $88,125,000 of unlimited tax bonds will remain authorized but unissued for the purpose of purchasing and constructing a water, wastewater and drainage system. Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security of the Bonds.

The Bond Order imposes no limitation on the amount of additional bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

According to the Developer, following the issuance of the Bonds, the District will not owe the Developer any funds for eligible facilities serving the existing development within the District. The District expects to submit bond applications to the TCEQ for the sale of additional bonds (excluding the Bonds) to satisfy its obligation to pay the Developer for any new facilities yet to be constructed. The District intends to issue such bonds in approximately annual installments, subject to the pace of development and timely TCEQ approval. It is also anticipated that additional bonds will be issued to finance facilities which have yet to be constructed. See "INVESTMENT CONSIDERATIONS – Future Debt."

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a municipal utility 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." Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "MUNICIPAL BOND RATING AND INSURANCE."

The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

CONSOLIDATION . . . The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

ANNEXATION . . . The District lies both within the extraterritorial jurisdiction and the corporate limits of the City. Under prior Texas law, the District could have been annexed by the City without the District's consent. However, certain annexation requirements have changes for certain municipalities. See "INVESTMENT CONSIDERATIONS – Annexation."

ALTERATION OF BOUNDARIES . . . In certain circumstances, under Texas law the District may alter its boundaries to: (i) upon satisfying certain conditions, annex additional territory; and (ii) exclude land subject to taxation within the District that does not need to utilize the service of District facilities if certain conditions are satisfied, including the simultaneous annexation by the District of land of at least equal value that may be practicably served by District facilities. Such land substitution is subject to the approval of the TCEQ. No representation is made concerning the likelihood that the District would effect any change in its boundaries.

APPROVAL OF THE BONDS . . . The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the quality of the Bonds as an investment, nor does he pass upon the adequacy or accuracy of the information contained in this Official Statement.

AMENDMENTS TO THE BOND ORDER . . . The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interest of the registered owners, including the curing of an ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest therein, change the place or places at, or the coin or currency in which, any Bond or the interest thereon is payable, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission. In addition, a state, consistent with federal law, may within the exercise of its police powers make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of its political subdivisions as are reasonable and necessary for attainment of an important public purpose.

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BOND INSURANCE

BOND INSURANCE POLICY . . . Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM" or the "Bond Insurer") 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 an appendix to this Official Statement.

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

ASSURED GUARANTY MUNICIPAL CORP. . . . AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

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

Current Financial Strength Ratings: On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM: At March 31, 2020:

- The policyholders' surplus of AGM was approximately $2,573 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $997 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,997 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020).

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

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

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

BOND INSURANCE RISKS

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 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 District which is recovered by the District 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 AGM at such time and in such amounts as would have been due absence such prepayment by the District unless AGM 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 AGM without appropriate consent. AGM may direct and must consent to any remedies and AGM's consent may be required in connection with amendments to any applicable Bond documents.

In the event AGM 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 AGM 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 enhanced long-term ratings on the Bonds are dependent in part on the financial strength of AGM and its claim paying ability. AGM'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 AGM and of the ratings on the Bonds insured by AGM will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The obligations of AGM are contractual obligations and in an event of default by AGM, 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 AGM and no assurance or representation regarding the financial strength or projected financial strength of AGM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of AGM, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding AGM and the Policy, which includes further instructions for obtaining current financial information concerning AGM.

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 DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (ii) 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 (iii) 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.

BOOK-ENTRY-ONLY SYSTEM . . . The Depository Trust Company, New York, New York ("DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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 Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or the, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent. Payments of principal and interest to Direct Participants will be the responsibility of DTC, and reimbursement 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 Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered.

The information in this 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.

WATER SUPPLY, WATER AND WASTEWATER SERVICES AND PENDING MATTERS

The District is being developed along with Travis County Municipal Utility District No. 12 ("MUD 12") and Travis County Municipal Utility District No. 11 ("MUD11") (collectively, the "Participating Districts"). The District is provided wastewater service from Lakeway Municipal Utility District ("Lakeway MUD") pursuant to the "Wholesale Wastewater Capacity and Services Agreement" dated effective July 29, 2015 between MUD 12 and Lakeway MUD (the "Lakeway MUD Agreement"). See "THE SYSTEM." The District, together with MUD 12 and MUD 11, has purchased a combined total of 400,000 gallons per day ("gpd") of wastewater treatment capacity in the Lakeway MUD S-5 Wastewater Treatment Plant. Lakeway MUD's S-5 Wastewater Treatment Plant operates under TCEQ Permit No. WQ0011495006 which currently authorizes disposal of up to 0.40 MGD of treated effluent via irrigation. The Lakeway MUD Agreement provides that Lakeway MUD will expand its S-5 Wastewater Treatment Plant as necessary to provide the Participating Districts with a total capacity of 400,000 gpd. All costs associated with such expansions will be paid by Lakeway MUD.

Pursuant to the "Third Amendment to Amended and Restated Memorandum of Understanding Regarding Shared Raw Water Supply and Water and Wastewater Capacity and Services" effective August 19, 2015 (the "3rd Amendment") the District, MUD 12 and MUD 11 have allocated the 400,000 gpd wastewater capacity and prorated costs between the Participating Districts. The 3rd Amendment reserves the initial 94,800 gpd of capacity to MUD 11, and the additional purchased capacity of 305,200 gpd (considered "Highlands Shared Capacity") between the District, MUD 12 and MUD 11 as provided in the "Amended and Restated Memorandum of Understanding Regarding Shared Raw Water Supply and Water and Wastewater Capacity and Services" dated April 5, 2010 (the "MOU"). The MOU, as amended, anticipates that the Participating Districts will negotiate and enter into a more detailed shared facilities agreement regarding these matters in the future.

The Lakeway MUD Agreement provides 400,000 gallons per day of capacity in the Lakeway MUD S-5 Wastewater Treatment Plant for service to the Participating Districts. Based upon the current measured average daily wastewater flows from the Participating Districts, it is contemplated that the Participating Districts' contractually reserved capacity in the Lakeway MUD S-5 Wastewater Treatment Plant will be sufficient to provide wastewater service for the full buildout of the Participating Districts.

If additional wastewater treatment infrastructure improvements were to become necessary at some time in the future in order to provide the 400,000 gallons per day to the Participating Districts, Lakeway MUD is contractually obligated to construct, at no cost to the Participating Districts, all improvements required in order to provide 400,000 gallons per day of wastewater capacity to the Participating Districts. If Lakeway MUD failed to do so, the District's ability to provide service could be adversely affected. Further, if the contractually reserved capacity is not sufficient for full build-out of the Participating Districts, then, unless the Participating Districts obtain an alternative source of wastewater treatment to meet their additional service requirements, they would be required to purchase additional capacity from Lakeway MUD, which could adversely affect the timing and costs of development.

The Participating Districts receive their raw water supply from the Lower Colorado River Authority ("LCRA") under the terms of a Firm Water Contract dated September 25, 2008 that has been entered into by MUD 12 on behalf of the Participating Districts (the "Raw Water Contract").

The MOU, as amended, describes the Participating Districts' agreement to, among other things, (i) share the 1,680 acre feet of raw water supply provided by LCRA under the terms of the Raw Water Contract, (ii) jointly construct and operate certain water and wastewater facilities which will serve Lakeway Highlands; and (iii) share the wastewater treatment capacity provided by Lakeway MUD under the Lakeway MUD Contract. Treatment of raw water necessary to serve Lakeway Highlands, including all of the land within the District, is provided through the West Travis County Water System under a Wholesale Water Services Agreement dated effective October 20, 2009, which MUD 12 originally entered with the LCRA on behalf of the Participating Districts (the "LCRA Water Services Contract"). On March 19, 2012, the LCRA transferred certain rights and obligations related to the West Travis County Water System, including the LCRA Water Services Contract, to the West Travis County Public Utility Agency (the "PUA"), and the PUA is now providing wholesale water treatment and delivery services to Lakeway Highlands under the terms of the LCRA Water Services Contract. The PUA has purchased the West Travis County Water System from the LCRA under the terms of an installment purchase contract.

Effective January 1, 2014, the PUA implemented changes in its rate methodology that have significantly increased the rates charged by the PUA for wholesale water services to the District and the other Participating Districts and are projected to continue to increase such rates in the future. On March 6, 2014, MUD 12, as the managing district under the MOU, filed an administrative appeal on behalf of the Participating Districts before the Public Utility Commission of Texas (the "PUCT") appealing a change of wholesale water rates implemented by the PUA under the LCRA Water Services Contract. MUD 12's appeal sought to have the PUCT declare that the rates for wholesale water service charged to the Participating Districts and the rate methodology used by the PUA to set the rates adversely affected the public interest, and to ultimately require the PUA to submit to the rate setting authority of the PUCT for a determination of just and reasonable rates. After a contested case hearing and based on a recommendation by an Administrative Law Judge, the PUCT concluded that the rate and methodology were not adverse to the public interest and denied the MUD 12's appeal.

MUD 12's lawsuit in District court asserting a breach of contract claim against the PUA was unsuccessful. If wholesale water service rates for future years continue to increase under the PUA's revised rate methodology, those increases would result in corresponding increases in the District's cost of service as well as the rates charged by the District to its customers and adversely affect customer water usage and revenues. Such increases could also affect the marketability of lots and homes within the District.

Under the terms of the Utility Construction Agreement ("UCA") between the District and the Prior Developer dated effective as of January 10, 2012, as amended, the Prior Developer agreed to advance and pay all of the District's costs under the Raw Water Contract that are not directly related and attributable to raw water used to provide service to the District's customers, as well as the District's costs under the MOU, as amended, and the LCRA Water Services Contract that are not directly related and attributable to services being provided to its customers until the District is utilizing all capacity or services allocated to it or has sufficient revenues to pay all costs associated with unused capacity or service. The Prior Developer assigned the UCA to the Developer, and the Developer assumed and agreed to perform all of the Prior Developer's obligations under the UCA, by Assignment of Utility Construction Agreement, Facilities and Capacity and Reimbursement Rights and District Consent dated effective as of November 1, 2017. The Prior Developer also assigned its rights and obligations under the MOU, as amended, to the Developer and the Developer assumed and agreed to perform all of the Prior Developer's obligations under the MOU, as amended, by Assignment of Amended and Restated Memorandum of Understanding Regarding Shared Raw Water Supply and Water and Water Capacity and Services dated effective November 1, 2017. The District's expenses could be detrimentally affected if the Developer fails to pay sums it has agreed to pay under the UCA.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Carlson, Brigance & Doering, Inc. (the "Engineer"), and were submitted to the TCEQ in the District's Bond Application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the District's Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor. Any contingency or surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

		District Share[(a)]	
I.	**CONSTRUCTION COSTS**		
	A. Developer Contribution Items		
	1. Lakeway Highlands, Phase 3, Section 3, Water, Wastewater and Drainage	$ 1,059,839	
	2. Lakeway Highlands, Phase 3, Section 3, Offsite Wastewater	93,199	
	3. Lakeway Highlands, Phase 3, Section 4, Water, Wastewater and Drainage	1,940,286	
	4. Construction Contingencies	97,014	
	5. Engineering, Testing and Inspection (Items 1-3)	392,945	
	Total Developer Contribution Items	$ 3,583,283	
	B. District Items - None	$ 0	
	Total District Items	$ 0	
	TOTAL CONSTRUCTION COSTS (84.51% of BIR)	**$ 3,583,283**	
II.	**NON-CONSTRUCTION COSTS**		
	A. Legal Fees (3.00%)	$ 127,200	
	B. Financial Advisor Fees (1.50%)	63,600	
	C. Developer Interest	98,732	(b)
	D. Bond Discount (3.00%)	127,200	
	E. Bond Issuance Expenses	38,960	
	F. Bond Application Report Costs	48,000	
	G. Operating Expenses	138,185	
	H. Attorney General Fees (0.10%)	4,240	
	I. TCEQ Bond Issuance Fee (0.25%)	10,600	
	TOTAL NON-CONSTRUCTION COSTS	**$ 656,717**	
TOTAL BOND ISSUE REQUIREMENT		**$ 4,240,000**	

(a) The TCEQ has approved a waiver of the 30% developer contribution requirement.

(b) Estimated at 4.50%. The amount of Developer interest will be finalized in connection with the reimbursement report approved by the Board of Directors prior to disbursement of funds.

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THE DISTRICT

GENERAL . . . The District is a municipal utility district created by an order of the Texas Natural Resource Conservation Commission (predecessor to the TCEQ) dated June 18, 1999. The creation of the District was confirmed at an election held within the District on May 6, 2000. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, particularly Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. Under the terms of the Consent Resolution of the City of Lakeway (the "City"), within whose extraterritorial jurisdiction and corporate limits the District is located, the District is required to observe certain requirements of the City which limit the purpose for which the District may sell bonds and limit the net effective interest rate on such bonds and other terms of such bonds. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM – Regulation."

ANNEXATION . . . As originally created, the District was located within the extraterritorial jurisdiction of the City. The Resolution adopted by the City Council of the City on August 17, 1998, consenting to the creation of the District (the "Consent Resolution") required that the District agree to consent to the City's annexation of less than all of the land within the District provided that the annexation complied with all applicable laws. The City has taken action to annex portions of the District in phases as development occurs. To date, the City has annexed approximately 278 acres of land within the District, which includes all of the approximately 280.879 acres of developed land and approximately 215.285 acres of undeveloped but developable land.

Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council. If an entire district is annexed by a city, the annexing city is required to assume all debt obligations of the district; however, based on the City's past practice and the Consent Resolution, the City may not intend to annex the entire District and assume its outstanding debt.

Additionally, under Chapter 43, Texas Local Government Code, as amended, House Bill 347 approved during the 86th Regular Legislative Session in 2019 ("HB 347"), (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of March 12, 2020, the District had an estimated population of 1,323, thus triggering the voter approval and/or landowner consent requirements discussed in clause (b) above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the District. HB 347 could affect future efforts of the City to annex land within the District. The District makes no representation as to whether the City will continue to annex portions of the District or whether the City will ever annex the entire District and assume the District's outstanding debt and/or dissolve the District. See "INVESTMENT CONSIDERATIONS – Annexation."

LAND USE . . . The following table has been provided by the Engineer and represents the current and planned land use within the District.

	Approximate Acres	Lots[(a)]
Single-Family Residential		
Developed Acreage	280.879	446
Future Development	215.285[(b)]	207[(c)]
Totals	496.164[(b)]	653

(a) Lakeway Highlands Phase 1 Section 8E is platted as a 21.632 acre, one lot subdivision to be developed, based on a Condominium Site Plan, with 41 residential condominium units. It is counted here as 41 lots in order to represent the number of residential units.

(b) Includes an approximately 10-acre school site. Excludes 399.93 acres currently reserved for wastewater irrigation as well as floodplain, drainage and open space.

(c) Projected, based on current development plans; subject to change based upon City approval of such development plans.

STATUS OF DEVELOPMENT . . . As of March 12, 2020, eleven sections within the District, consisting of 405 single-family residential lots and 41 condominium units on 280.879 acres had been developed with utilities, including water, wastewater and drainage improvements, and paved internal roads. A total of 228 homes were complete and occupied; 12 homes were complete and vacant, 43 homes were under construction, and 144 lots and 19 of 41 condominium units were available for home construction as of this same date. There are approximately 215.285 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities, including an approximately 10-acre school site. Homes within the District have sold for prices between approximately $380,000 to in excess of $1,000,000 and are currently being marketed for sale for prices between approximately $399,900 to more than $1,500,000, with square footage ranging from approximately 2,051 to in excess of 4,800.

FUTURE DEVELOPMENT . . . The District is currently planned as a primarily single-family residential development. Approximately 215.285 developable acres of land in the District, including an approximately 10-acre school site which is currently under construction, are not yet served with water distribution and supply, wastewater collection and treatment or storm drainage facilities. While the Developer anticipates future development of this acreage as business conditions warrant, there can be no assurances if and when any of such undeveloped land will ultimately be developed.

The District anticipates issuing additional bonds to accomplish full development of the District. The District's Engineer has stated that, under current development plans, the remaining authorized but unissued new money bonds will be sufficient to finance the construction of water, wastewater and storm drainage facilities to complete the District's water, wastewater and drainage system for full development of the District and to reimburse the Developer for funds previously advanced to complete such facilities. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments, "– Future Debt" and "THE SYSTEM."

THE DEVELOPER

ROLE OF A DEVELOPER . . . In general, the activities of a landowner or developer in a municipal utility district such as the District include conceptualizing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the TCEQ to pave certain streets in the District, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

DESCRIPTION OF THE DEVELOPER . . . Portions of the land comprising the District were acquired by Las Ventanas Land Partners, Ltd. ("Las Ventanas") in late 2004, with other portions acquired by JH West Land Ventures, Ltd. ("JHWest") in early 2006. Until November 1, 2017, Rough Hollow Development, Ltd. ("Prior Developer"), which was created to acquire and develop the property in the District and fund development costs, was the primary developer of the land in the District.

On November 1, 2017, the Prior Developer, Las Ventanas and JHWest restructured ownership, and their remaining land in the District was transferred into two new partnerships, RH Lakeway Holdings, Ltd. ("Holdings") and RH Lakeway Development, Ltd. ("Developer"). Holdings was formed to hold land for future sale. RH Lakeway Development, Ltd. was created to develop the property in the District and fund development costs and is the primary developer of land in the District. The Prior Developer no longer holds any interest in land in the District.

The Developer is a Texas limited partnership. The Developer's general partner is RH Lakeway Development GP, LLC, a Texas limited liability company, and its limited partners are John Scardino, Haythem Dawlett, JH Rough Hollow, LLC, and International Bancshares Corporation.

The Developer arranges development financing prior to commencing development of the land, which has been and is being developed as single-family residential subdivisions, the majority of which is known as Lakeway Highlands and marketed as Rough Hollow.

DEVELOPMENT FINANCING . . . According to the Developer, the Prior Developer previously obtained development financing with various loans from First Horizon Home Loans ("First Horizon"), a division of First Tennessee Bank, N.A., and IBC Bank, all of which have been paid in full.

On November 1, 2017, the Developer obtained acquisition and development financing in a Development Loan Agreement with IBC Bank for a revolving loan (the "IBC Loan"). The maximum stated principal amount of the IBC Loan is $60,000,000.00. The IBC Loan provided financing for the completed lots in Lakeway Highlands and Rough Hollow; provided new development financing for all future sections in Lakeway Highlands, Phase 2 and Lakeway Highlands Phase 3.

The unpaid principal balance on the IBC Loan was $39,839,910.53 as of February 29, 2020 with remaining loan advances available of $32,040,596.72 as of the same date. The interest rate on the IBC Loan is the Prime Rate +1%, but no less than 5.5%. The maturity date of the IBC Loan is November 1, 2021.

The Developer has represented that it is in compliance with the terms of the IBC Loan.

HOMEBUILDERS . . . According to the Developer, the following homebuilders are currently active within the District: Grand Haven Homes, LP, Brookfield Residential Texas Homes, LLC, Drees Custom Homes, LP, Highland Homes-Austin, Ltd., Westside Landing, LLC, Scott Felder Homes, LLC, and Westin Homes and Properties, LP. Additionally, the Developer has advised the District that the following home builders have constructed homes in the District: MHI Central Texas, LLC (Coventry Homes), Canyonside Ventures LLC, and various custom homebuilders.

MANAGEMENT OF THE DISTRICT

BOARD OF DIRECTORS . . . The District is governed by the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are held on the first Tuesday of November in even numbered years only. None of the Board members reside within the District; however, each of the members owns a small parcel of land within the District. The current members and officers of the Board, along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Jesse Kennis	President	November 2020
Sean Mills	Vice President	November 2020
Edgar Joe Berger, III	Secretary	November 2022
Richard D. Fadal	Assistant Secretary	November 2022
Louis Granger	Assistant Secretary	November 2020

DISTRICT CONSULTANTS . . . The District does not have full-time employees, but contracts for certain necessary services as described below.

Tax Appraisal: The Travis Central Appraisal District has the responsibility of appraising all property within the District. See "TAXING PROCEDURES."

Tax Assessor/Collector: The District contracts with the Travis County Tax Assessor/Collector (the "Tax Assessor/Collector") to serve in this capacity.

Management: The District has contracted with JadCo Management, Inc. for general management services.

Bookkeeper: The District has contracted with Bott & Douthitt, P.L.L.C. for bookkeeping services.

Auditor: The District's financial statements for the year ended March 31, 2019, were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See APPENDIX B for a copy of the District's audited March 31, 2019 financial statements.

Bond Counsel and Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P. as Bond Counsel and Disclosure Counsel in connection with the issuance of the District's debt obligations. Bond Counsel and Disclosure Counsel fees are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Specialized Public Finance Inc. serves as the District's Financial Advisor. The fee for financial advisory services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

General Counsel: The District has engaged Armbrust & Brown, PLLC as general counsel to the District. Compensation to the firm for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Compensation for other legal services to the District is based on time charges actually incurred.

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THE SYSTEM

REGULATION . . . Construction and operation of the District's sanitary sewer, water distribution and storm drainage system (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District and portions of the System. Construction of water, sanitary sewer and storm drainage facilities is subject to the regulatory authority of the District, the City of Lakeway and Travis County.

WATER SUPPLY AND WASTEWATER TREATMENT . . . Water treatment services for the District and the Lakeway Highlands portion of the other Participating Districts is provided through a Wholesale Water Services Agreement originally entered into by MUD 12 with the LCRA and assigned by the LCRA to the West Travis County PUA (1,680 ac. ft. annually, approximately 2,125 LUE's). See "WATER SUPPLY, WATER AND WASTEWATER SERVICES AND PENDING MATTERS." As of March 12, 2020, the District had 240 complete and occupied single-family homes; 14 complete and vacant homes and 61 homes under construction. Additionally, there are 140 completed condo units in the District.

Wastewater treatment services for all Participating Districts is provided through a Wholesale Wastewater Capacity and Services Agreement with the Lakeway MUD, effective as of July 29, 2015 (the "Lakeway MUD Agreement"). See "WATER SUPPLY AND WASTEWATER SERVICE ISSUES." The Lakeway MUD Agreement provides 400,000 gallons per day of capacity in the Lakeway MUD S-5 Wastewater Treatment Plant for service to the Participating Districts. Based upon the current measured average daily wastewaters flows from the Participating Districts, it is contemplated that the Participating Districts' contractually reserved capacity in the Lakeway MUD S-5 Wastewater Treatment Plant will be sufficient to provide wastewater service for the full build-out of the Participating Districts. If additional wastewater treatment infrastructure improvements were to become necessary at some time in the future in order to provide the 400,000 gallons per day to the Participating Districts, Lakeway MUD is contractually obligated to construct, at no cost to the Participating Districts, all improvements required in order to provide 400,000 gallons per day of wastewater capacity to the Participating Districts. See "WATER SUPPLY, WATER AND WASTEWATER SERVICES AND PENDING MATTERS."

WATER DISTRIBUTION, WASTEWATER COLLECTION AND STORM DRAINAGE FACILITIES . . . The District and/or the Developer have constructed internal water distribution, internal wastewater collection facilities and storm drainage to serve a portion of the District. See "THE DISTRICT – Land Use."

100-YEAR FLOOD PLAIN . . . "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. The Flood Insurance Rate Map associated with the District indicates that a portion of the land in the District is located within the 100-year flood plain. See "THE DISTRICT – Land Use" and "INVESTMENT CONSIDERATIONS – Environmental Regulations – Atlas 14 Study." No portion of the District that is within the floodplain is to be developed.

The National Weather Service recently completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from the upper Gulf Coast in the east and running west generally along the I-10 corridor to Central Texas. In particular the study shows that Central Texas is more likely to experience larger storms than previously thought. Based on this study, various governmental entities, including Williamson County, are contemplating amendments to their regulations that will potentially increase the size of the 100 year floodplain which interim floodplain is based on the current 500-year floodplain, resulting in the interim floodplain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could result in less developable property within the District, higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

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DEBT SERVICE REQUIREMENTS

The following sets forth the debt service on the Bonds at the rates shown on the inside cover page.

Year Ending 12/31[(a)]	Outstanding Debt			The Bonds			Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2020	$ 430,000	$ 723,372	$ 1,153,372	$ -	$ -	$ -	$ 1,153,372
2021	495,000	690,190	1,185,190	-	120,823	120,823	1,306,013
2022	515,000	674,803	1,189,803	75,000	107,931	182,931	1,372,734
2023	525,000	658,553	1,183,553	75,000	104,181	179,181	1,362,734
2024	540,000	642,715	1,182,715	80,000	100,431	180,431	1,363,146
2025	565,000	626,515	1,191,515	85,000	96,431	181,431	1,372,946
2026	575,000	609,208	1,184,208	90,000	92,181	182,181	1,366,389
2027	600,000	591,058	1,191,058	90,000	87,681	177,681	1,368,739
2028	625,000	571,545	1,196,545	95,000	85,881	180,881	1,377,426
2029	645,000	550,920	1,195,920	100,000	83,981	183,981	1,379,901
2030	665,000	529,063	1,194,063	105,000	81,981	186,981	1,381,044
2031	690,000	506,438	1,196,438	110,000	79,881	189,881	1,386,319
2032	710,000	482,631	1,192,631	115,000	77,681	192,681	1,385,313
2033	735,000	458,119	1,193,119	120,000	75,381	195,381	1,388,500
2034	760,000	432,244	1,192,244	125,000	72,981	197,981	1,390,225
2035	785,000	404,856	1,189,856	130,000	70,481	200,481	1,390,338
2036	815,000	376,769	1,191,769	135,000	67,719	202,719	1,394,488
2037	850,000	347,550	1,197,550	145,000	64,681	209,681	1,407,231
2038	875,000	316,675	1,191,675	150,000	61,238	211,238	1,402,913
2039	895,000	284,850	1,179,850	155,000	57,675	212,675	1,392,525
2040	925,000	252,275	1,177,275	165,000	53,994	218,994	1,396,269
2041	915,000	217,800	1,132,800	170,000	50,075	220,075	1,352,875
2042	720,000	184,200	904,200	180,000	46,038	226,038	1,130,238
2043	760,000	158,319	918,319	185,000	41,763	226,763	1,145,081
2044	795,000	131,019	926,019	195,000	37,369	232,369	1,158,388
2045	825,000	102,469	927,469	205,000	32,738	237,738	1,165,206
2046	565,000	72,825	637,825	215,000	27,869	242,869	880,694
2047	595,000	51,888	646,888	220,000	22,763	242,763	889,650
2048	620,000	29,838	649,838	230,000	17,538	247,538	897,375
2049	220,000	6,875	226,875	240,000	12,075	252,075	478,950
2050	-	-	-	255,000	6,375	261,375	261,375
	$ 20,235,000	$ 11,685,577	$ 31,920,577	$ 4,240,000	$ 1,937,817	$ 6,177,817	$ 38,098,393

(a) The District's fiscal year end is March 31. Due to the timing of tax collection receipts, the District budgets for its August debt service payment in the previous fiscal year.

Average Annual Debt Service Requirements (2020-2050) .....$ 1,228,980
Maximum Annual Debt Service Requirement (2037).....$ 1,407,231

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INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC); (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFIA") (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that complies with Securities and Exchange Commission Rule 2a-7; and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more or is invested exclusively in obligations described in the this paragraph or has a duration of less than one year and the investment portfolio is limited to investment grade securities; excluding asset-backed securities; and (14) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA," "AAA-m" or at an equivalent rating by at least one nationally recognized rating service. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund, groups methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment

Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the District, (3) require the registered principal of firms seeking to sell securities to the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy, (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement, (6) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

ESTIMATED OVERLAPPING DEBT . . . The following table indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas.

Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Percent	Overlapping Amount
Travis County	$1,066,091,179	02/29/20	0.08%	$ 852,873
City of Lakeway	30,365,000	02/29/20	3.85%	1,169,053
Travis County Healthcare District	8,350,000	02/29/20	0.08%	6,680
Travis County ESD #6	2,960,000	02/29/20	0.95%	28,120
Lake Travis Independent School District	381,825,000	02/29/20	1.27%	4,849,178
Total Estimated Overlapping Debt				$ 6,905,904
The District's Total Direct Debt[(a)]				24,475,000
Total Direct and Estimated Overlapping Debt				$ 31,380,904

Direct and Estimated Overlapping Debt as a Percentage of:
2019 Certified Taxable Assessed Valuation 15.21%

Direct and Estimated Overlapping Debt as a Percentage of:
Estimated Taxable Assessed Valuation (as of April 1, 2020) ..... 12.78% (b)

(a) Includes the Bonds, as of the expected date of issuance.
(b) As reported by the Travis Central Appraisal District as of April 1, 2020.

OVERLAPPING TAXES . . . Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property.

The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded

debt of the District and other taxing authorities (see "DEBT SERVICE REQUIREMENTS – Estimated Overlapping Debt"), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the taxes levied for the 2019 tax year by all taxing jurisdictions and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	2019 Tax Rate Per $100 Assessed Valuation
Travis County	$ 0.3693
Lake Travis Independent School District	1.3375
City of Lakeway	0.1645
Travis County ESD #6	0.1000
Travis County Healthcare District	0.1056
Total Overlapping Tax Rate	$ 2.0769
The District	0.7725
Total Tax Rate	$ 2.8494

TAX DATA

DEBT SERVICE TAX . . . The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments," "Historical Tax Rate Distribution" and "Tax Roll Information" below, and "TAXING PROCEDURES."

MAINTENANCE TAX . . . The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 appraised valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

TAX EXEMPTIONS . . . The District has not adopted any tax exemptions for property located within the District.

ADDITIONAL PENALTIES . . . The District has contracted with the Travis County Tax Assessor-Collector to collect certain delinquent taxes. In connection with that contract, the County is entitled to certain costs and expenses recovered by the County in any delinquent tax suits.

HISTORICAL TAX RATE

	2015	2016	2017	2018	2019
Debt Service	$ 0.1000	$ 0.2000	$ 0.4500	$ 0.5750	$ 0.6250
Maintenance	0.6725	0.5725	0.3225	0.1975	0.1475
Total	$ 0.7725	$ 0.7725	$ 0.7725	$ 0.7725	$ 0.7725

HISTORICAL TAX COLLECTIONS . . . The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District's tax assessor/collector. Reference is made to such statements and records for further and complete information. See "Tax Roll Information" below.

Tax Year	Net Certified Taxable Assessed Valuation[a]	Tax Rate	Total[b] Tax Levy	Total Collections Amount	Percent	As of
2014	43,385,114	0.7725	335,150	335,150	100.00%	9/30/15
2015	64,174,801	0.7725	495,750	495,750	100.00%	9/30/16
2016	84,338,014	0.7725	651,511	646,299	99.20%	9/30/17
2017	131,088,718	0.7725	1,012,660	1,001,521	98.90%	9/30/18
2018[c]	169,706,061	0.7725	1,310,979	1,290,003	98.40%	9/30/19
2019[c]	206,379,458	0.7725	1,594,281	1,575,150	98.80%	3/01/20

(a) Net valuation represents final gross appraised value as certified by the Appraisal District less any exemptions granted. See "Tax Roll Information" below for gross appraised value and exemptions granted by the District.
(b) Represents actual tax levy, excluding any adjustments by the Appraisal District, as of the date hereof.
(c) The District adopted its 2019 tax rate at its September board meeting.

TAX ROLL INFORMATION . . . The District's appraised value as of January 1 of each year is used by the District in establishing its tax rate (see "TAXING PROCEDURES – Valuation of Property for Taxation"). The following represents the composition of property comprising the 2017, 2018 and 2019 Certified Taxable Appraised Valuations.

	2019 Certified Taxable Appraised Valuation	2018 Certified Taxable Appraised Valuation	2017 Certified Taxable Appraised Valuation
Land and Improvements	$ 215,432,865	$ 170,385,210	$ 131,386,111
Exempt Amounts	9,053,407	679,149	297,393
Net Taxable Appraised Valuation	$ 206,379,458	$ 169,706,061	$ 131,008,718

PRINCIPAL TAXPAYERS . . . The following table represents the principal taxpayers, the taxable appraised value of such property, and such property's appraised value as a percentage of the 2019 Certified Taxable Assessed Valuation. The 2019 Certified Taxable Assessed Valuation is subject to protest, which could result in changes to the principal taxpayers lists.

Name of Taxpayer	2019 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
RH Lakeway Development Ltd.[(a)]	$ 21,446,454	10.39%
Russo, Leonard & Pamela	3,546,600	1.72%
Padinha, Henry & Terri	2,759,100	1.34%
Shin, Hak Cheol & Mikyum Kim	2,341,900	1.13%
Town & Country Builders LLC	2,211,530	1.07%
Klein, Barry & Kimberly	1,900,000	0.92%
Our Gang Inc.	1,836,989	0.89%
Peninsula Lakeway Partners LLC	1,748,120	0.85%
Sitter, Doug	1,700,000	0.82%
Gagnon, Christopher & Donna	1,600,755	0.78%
	$ 41,091,448	19.91%

(a) The Developer and entities affiliated with the Developer. See "THE DEVELOPER – Description of the Developer" and "INVESTMENT CONSIDERATIONS – Dependence on Major Taxpayers and the Developer" and "– Housing Market Volatility."

TAX ADEQUACY FOR DEBT SERVICE . . . The tax rate calculations set forth below are presented to indicate the tax rates per $100 appraised valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2019 Certified Taxable Assessed Valuation as provided by the Travis Central Appraisal District of $206,379,458. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Outstanding Bonds and the Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-seven and a half percent (97.5%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "DEBT SERVICE REQUIREMENTS."

Average Annual Debt Service Requirement (2020-2050)	$ 1,228,980
$0.6108 Tax Rate on 2019 Certified Taxable Assessed Valuation at 97.5% collection	$ 1,229,052
Maximum Annual Debt Service Requirement (2037)	$ 1,407,231
$0.6994 Tax Rate on 2019 Certified Taxable Assessed Valuation at 97.5% collection	$ 1,407,332

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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 an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS – Source of and Security for Payment." Under State law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system. See "TAX DATA – Maintenance Tax."

PROPERTY TAX CODE AND COUNTY-WIDE APPRAISAL DISTRICT . . . The Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State 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 Travis Central Appraisal District has the responsibility for appraising property for all taxing units within Travis County, including the District. Such appraisal values are subject to review and change by the Travis County Appraisal Review Board (the "Appraisal Review Board").

PROPERTY SUBJECT TO TAXATION BY THE DISTRICT . . . Except for certain exemptions provided by State 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; however, no effort is expected to be made by TCAD to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: property owned by the State or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; income producing tangible personal property or mineral interest with a taxable value of less than $500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain non-profit cemeteries, farm products owned by the producer; and certain property owned by qualified charitable, religious, veterans, youth, or fraternal organizations. Article VIII, Section 1-a of the Texas Constitution grants a $3,000 homestead exemption for all homesteads taxed by counties for farm-to-market roads and flood control purposes. Property owned by a disabled veteran or by the surviving spouse (so long as the surviving spouse remains unmarried) or children (under 18 years of age) of a deceased veteran is partially exempt to between $5,000 and $12,00 of assessed value depending on the disability rating of the veteran. Additionally, if an individual dies while on active duty as a member of the armed services of the United States, the surviving spouse and surviving children (under 18 years of age) are entitled to an exemption from taxation of $5,000 of the assessed value of certain designated property owned by the spouse or children. A disabled veteran who receives 100% disability compensation from the United States Department of Veteran Affairs or its successor due to a service-connected disability and a rating of 100% disabled or of individual un-employability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who was entitled to an exemption for the full value of the veteran's residence homestead when the disabled veteran died, or the surviving spouse of a disabled veteran who would have qualified for such exemption if such exemption had been in effect on the date the disabled veteran died, is entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Furthermore, a partially disabled veteran or the surviving spouse of a partially disabled veteran, if such spouse has not remarried since the death of the disabled veteran and the property was the residence homestead of the surviving spouse when the disabled veteran died and remains the residence homestead of the surviving spouse, is entitled to an exemption equal to the percentage of the veteran's disability, if the residence was donated to the disabled veteran by a charitable organization at no cost to the disabled veteran, or at some cost to the disabled veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50% of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made. Such exemption is transferable to a different property 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.

The surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residences homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different property 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.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to a property tax exemption for all or part of the market value of such 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 is transferable to a different property 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: Under Article VIII, Section 1-b of the Texas Constitution and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older or the disabled from all ad valorem taxes thereafter levied by the political subdivision.

Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Tax Code, under Article VIII, Section 1-b of the Texas Constitution, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of $5,000. Effective until December 31, 2019, the governing body of a political subdivision that adopted such exemption for the 2014 tax year (fiscal year 2015) is prohibited from repealing or reducing the amount of such exemption.

In the case of residence homestead exemptions granted under Article VIII, Section 1-b, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Freeport Goods and Goods-in-Transit Exemption: Article VIII, Section l-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. In addition, effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for "goods-in-transit," which are defined as personal property acquired or imported into the state and transported to another location inside or outside the state within 175 days of the date the property was acquired or imported into the state. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and outboard motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only one of a freeport exemption or a goods-in-transit exemption for items of personal property. Freeport goods are exempted from taxation by the District. Goods-in-transit are not exempted from taxation by the District.

Control of Air, Water or Land Pollution Exemption: Article VIII, Section 1-l of the Texas Constitution, provides for the exemption from ad valorem taxation of certain property used to control the pollution of air, water, or land. A person is entitled to an exemption from taxation of all or part of real and personal property that the person owns and that is used wholly or partly as a facility, device or method for the control of air, water or land pollution.

TAX ABATEMENT . . . Travis County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Travis County, the Dripping Springs Independent School District 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 years, all or any part of any increase in the appraised valuation of property covered by the agreement over its appraised 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 agreement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

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 Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is s considered to be the highest and best use of the property.

Oil and gas reserves are assessed on the basis of pricing information contained in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year.

State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the less of (1) the property's market value in the most recent tax year in which the market value was determined by the appraisal district or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business being valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business.

Provisions of the Property Tax 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 Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

The Property Tax 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 real property in the Appraisal District at least once every three years. It is not known what frequency of reappraisal 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 formally to include such values on its appraisal roll.

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

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

LEVY AND COLLECTION OF TAXES . . . The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, 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 15 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. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. 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, may be rejected. Additionally, certain taxpayers, including the disabled, persons 65 years or older and disabled veterans, who qualified for certain tax exemptions are entitled by law to pay current taxes on a residential homestead in four installments with the first due before February 1 of each year and the final installment due before August 1 or to defer the payment of taxes without penalty during the time of ownership.

ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE . . . 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property

after the purchaser's deed issued at the foreclosure sale is filed in the county records. See "INVESTMENT CONSIDERATIONS – Tax Collection Limitations and Foreclosure Remedies."

THE EFFECT OF FIRREA ON TAX COLLECTIONS OF THE DISTRICT . . . The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution. Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed. To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

LEGAL MATTERS

LEGAL PROCEEDINGS . . . Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the initial Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX MATTERS." Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

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

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

NO MATERIAL ADVERSE CHANGE . . . The obligations of the Initial Purchaser to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District from that set forth or contemplated in the Official Statement.

NO-LITIGATION CERTIFICATE . . . The District will furnish the Initial Purchaser a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation 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, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or non-encumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

TAX MATTERS

OPINION . . . On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") for Federal income tax purposes interest on the Bonds (1) will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX A – Form of Bond Counsel's Opinion."

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the

Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the holders of the Bonds may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

FEDERAL INCOME TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT . . . The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bonds, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments and payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of redemption, sale or other taxable disposition of such Original Issue Discount Bonds 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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original disuse 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 date 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 Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the 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 and 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 Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, 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 of federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

COLLATERAL FEDERAL INCOME TAX CONSEQUENCES . . . The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings

and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation in equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

STATE, LOCAL AND FOREIGN TAXES . . . Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 55(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligation, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(1)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District covenants to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

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PREPARATION OF OFFICIAL STATEMENT

SOURCES AND COMPILATION OF INFORMATION . . . The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein 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.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement. In its capacity as Financial Advisor, Specialized Public Finance Inc. has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities 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.

CONSULTANTS . . . In approving this Official Statement the District has relied upon the following consultants.

Tax Assessor/Collector: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by the Travis County Tax Assessor/Collector's office and is included herein in reliance upon the authority of such individual as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM" has been provided by Carlson, Brigance & Doering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Developer: The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the sections captioned "THE DEVELOPER" (except for the subcaption "Role of a Developer") has been provided by the Developer and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

Auditor: The information contained in this Official Statement relating to the financial information of the District generally and, in particular, the information in APPENDIX B has been provided by the Auditor and has been included herein in reliance upon their authority and knowledge of such party concerning the matters described therein.

UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . . If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide an Official Statement to potential customers who request the same pursuant to Rule 15c2-12 of the federal Securities Exchange Act of 1934 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described in the notice of sale accompanying this Official Statement. The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Initial Purchaser provides written notice the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

CERTIFICATION AS TO OFFICIAL STATEMENT . . . The District, acting by and through its Board in its official capacity 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, description 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. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall

end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the "end of the underwriting period" is the responsibility of the Initial Purchaser.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB") through its electronic municipal market access system. Information will be available free of charge by the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT included under the headings "DEBT SERVICE REQUIREMENTS," "TAX DATA" (excluding information related to tax adequacy for debt service) and "APPENDIX B – Audited Financial Statement of the District." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2020. The District will provide the updated information in an electronic format, all as prescribed by the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements of the District, if the District commissions an audit and it is completed by the required time. If the audit of such financial statements is not complete within 12 months after the District's fiscal year end, then the District shall file unaudited financial statements for the applicable fiscal year to the MSRB within such twelve-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the District may be required to employ from time to time pursuant to Texas law or regulation.

The District's fiscal year end is March 31. Accordingly, it must provide updated information by September 30 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.

NOTICE OF CERTAIN EVENTS . . . The District will provide timely notices of certain 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 an 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, 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 obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws.

The District will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The District will also provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "– Annual Reports."

AVAILABILITY OF INFORMATION FROM THE MSRB . . . The District has agreed to provide the foregoing information only to the MSRB. All documents provided by the District to the MSRB described above under "Annual Reports" and "Notice of Certain Events" will be in an electronic format and accompanied by identifying information as prescribed by the MSRB.

The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of certain 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 registered owners may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District from time to time 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 type of operations of the District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of the Bond Order that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the Holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact, and no representation is made that any such statements will be realized.

/s/ JESSE KENNIS
President, Board of Directors
Travis County Municipal Utility District No. 13

ATTEST:

/s/ EDGAR JOE BERGER, III
Secretary, Board of Directors
Travis County Municipal Utility District No. 13

AERIAL BOUNDARY MAP

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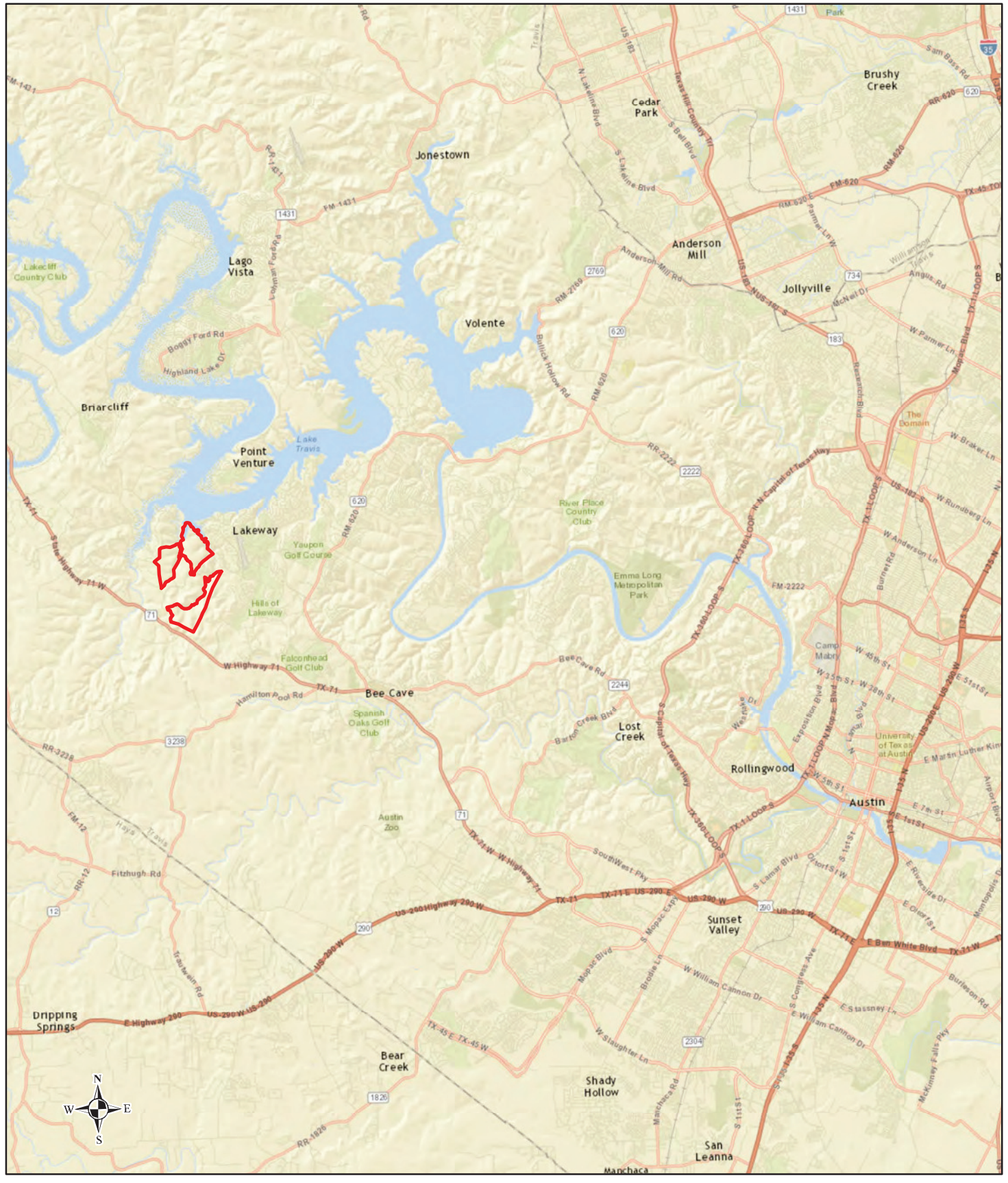
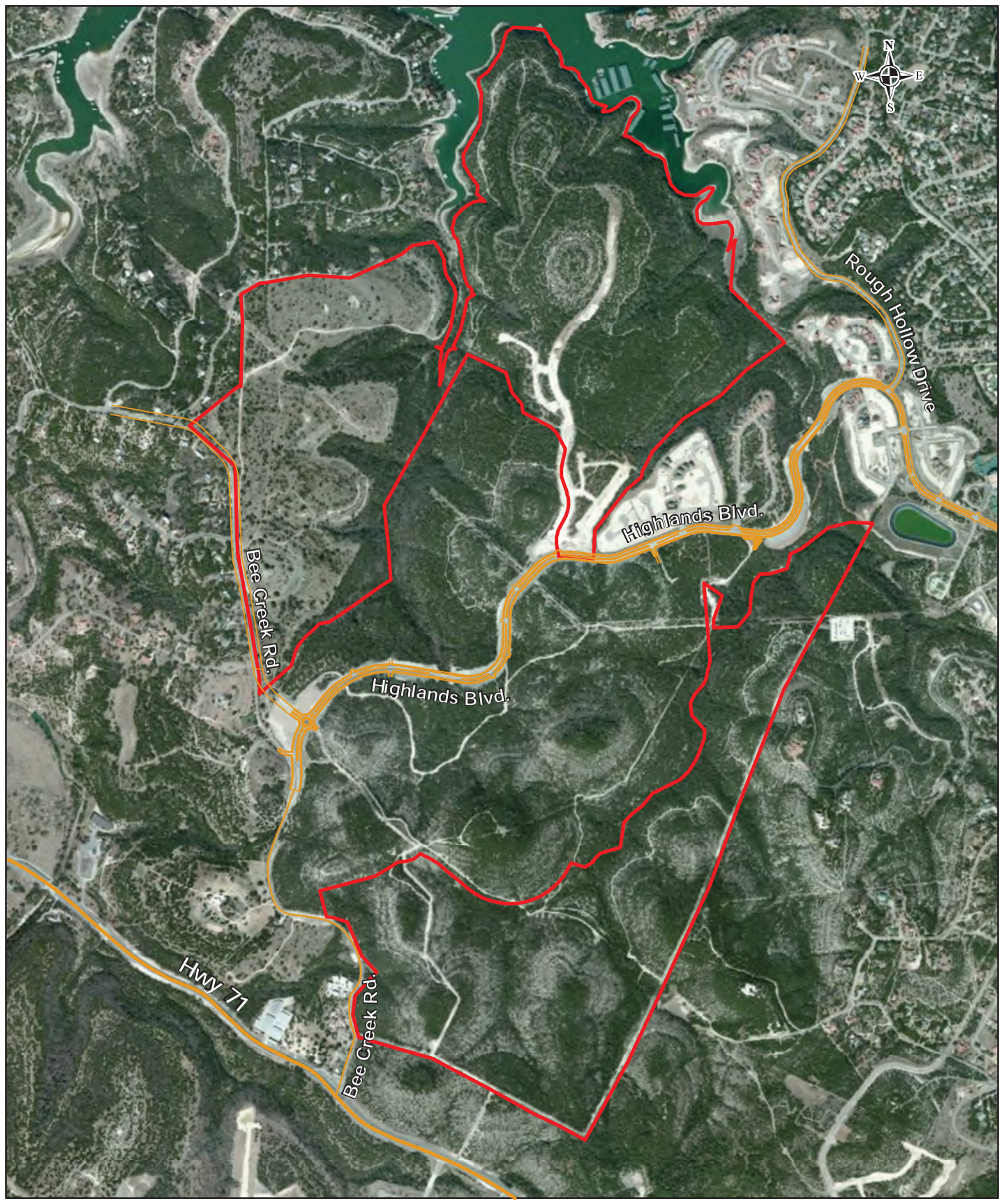


Site Location Map



TC MUD 13
Location Map

Carlson, Brigance & Doering, Inc.
Civil Engineering ◆ Surveying
5501 West William Cannon ◆ Austin, Texas 78749
Phone No. (512) 280-5160 ◆ Fax No. (512) 280-5165

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PHOTOGRAPHS OF THE DISTRICT

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APPENDIX A

FORM OF BOND COUNSEL'S OPINION

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[*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*]

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13
UNLIMITED TAX BONDS, SERIES 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,240,000

AS BOND COUNSEL FOR THE TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13 (the "District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the order of the Board of Directors of the District adopted on May 26, 2020 authorizing the issuance of the Bonds (the "Bond Order").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, including the Bond Order and other documents authorizing and relating to the issuance of the Bonds; and we have examined various certificates and documents executed by officers and officials of the District upon which certificates and documents we rely as to certain matters stated below. We have also examined one of the executed Bonds (Bond Numbered T-1) and specimens of Bonds to be authenticated and delivered in exchange for the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the District, payable from ad valorem taxes without legal limit as to rate or amount to be levied and collected by the District upon taxable property within the District, which taxes the District has covenanted to levy in an amount sufficient (together with revenues and receipts from other sources which are legally available for such purposes) to pay the interest on and the principal of the Bonds. Such covenant to levy taxes is subject to the right of a city, under existing Texas law, to annex all of the territory within the District; to take over all properties and assets of the District; to assume all debts, liabilities, and obligations of the District, including the Bonds; and to abolish the District.

THE DISTRICT reserves the right to issue additional bonds which will be payable from taxes; bonds, notes, and other obligations payable from revenues; and bonds payable from contracts with other persons, including private corporations, municipalities, and political subdivisions.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the District with certain covenants, regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the District to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds**.**

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem 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. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of and the assessed valuation of taxable property within the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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APPENDIX B

AUDITED FINANCIAL STATEMENT OF THE DISTRICT

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McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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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
Travis County Municipal
Utility District No. 13
Travis County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Municipal Utility District No. 13 (the "District"), as of and for the year ended March 31, 2019, 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 March 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Austin, Texas

July 23, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
MARCH 31, 2019

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Travis County Municipal Utility District No. 13 (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended March 31, 2019. Since this information is designed to focus on current year 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 fiscal year ended March 31, 2019, the nonspendable and the unassigned fund balance portions of the General Fund totaled $2,770,570, an increase of $632,108 from the previous year. During the current fiscal year, the District had revenues of $1,817,116, expenditures of $1,217,637, and $32,629 of developer advances.

- *Debt Service Fund*: Fund balance reserved for debt service increased from $757,627 in the previous year to $1,549,724 for the current year. During the current fiscal year, the District paid $135,000 of bond principal and $435,682 of bond interest. The District also received $389,345 of capitalized interest from proceeds of its Series 2018 unlimited tax bonds.

- *Capital Projects Fund*: Fund balance reserved for capital projects decreased to $183,197 from the previous year's balance of $597,685. The District issued Series 2018 unlimited tax bonds during the current fiscal year and used proceeds to purchase $5,466,914 of infrastructure, to reimburse the developer $452,896 for prior operating advances and creation costs, and to pay bond related expenditures of $616,468.

- *Governmental Activities*: On a government-wide basis for governmental activities, the District had revenues net of expenses of $585,614 for the fiscal year ended March 31, 2019. The District's net position increased from $18,179 to $603,793.

OVERVIEW OF THE DISTRICT

The District was created, organized and established on June 18, 1999, by the Texas Commission on Environmental Quality (formerly known as the Texas Natural Resource Conservation Commission) pursuant to the provisions of Chapter 49 and 54 of the Texas Water Code. The District was created under the provisions of Article XVI, Section 59, of the Texas Constitution. The creation of the District was confirmed in an election held within the District on May 6, 2000.

The District consists of 886.09 acres of land located adjacent to the western city limits of the City of Lakeway. The District lies partially within the extraterritorial jurisdiction and partially within the incorporated limits of the City of Lakeway and is in Travis County.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
MARCH 31, 2019

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)

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 balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

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

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

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
MARCH 31, 2019

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Positive
	2019	2018	(Negative)
Current and other assets	$ 5,028,526	$ 3,907,595	$ 1,120,931
Capital and non-current assets	13,584,623	7,936,426	5,648,197
Total Assets	18,613,149	11,844,021	6,769,128
Current liabilities	656,398	499,369	(157,029)
Long-term liabilities	17,352,958	11,326,473	(6,026,485)
Total Liabilities	18,009,356	11,825,842	(6,183,514)
Net investment in capital assets	(3,173,547)	(2,082,191)	(1,091,356)
Restricted	1,505,462	719,661	785,801
Unrestricted net position	2,271,878	1,380,709	891,169
Total Net Position	$ 603,793	$ 18,179	$ 585,614

The District's total assets were $18,613,149 as of March 31, 2019. The District had outstanding liabilities of $18,009,356 as of March 31, 2019. Net position at March 31, 2019 was $603,793, an increase of $585,614 from the previous fiscal year.

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Positive
	2019	2018	(Negative)
Property taxes, including penalties	$ 1,316,466	$ 1,044,069	$ 272,397
Service accounts, including penalties	481,131	438,649	42,482
Tap connection and inspection fees	928,992	595,562	333,430
Construction inspection fees	26,759	25,636	1,123
Other	82,460	30,612	51,848
Total Revenues	2,835,808	2,134,528	701,280
Water reservation/system fees and wastewater	357,540	356,237	(1,303)
Connection/inspection/grinder pump fees	141,873	100,320	(41,553)
Legal and accounting	79,693	72,423	(7,270)
Management fees	60,000	60,000	-
Other	394,655	151,270	(243,385)
Debt service	978,124	394,914	(583,210)
Depreciation and amortization	238,309	172,253	(66,056)
Total Expenses	2,250,194	1,307,417	(942,777)
Change in Net Position	585,614	827,111	(241,497)
Beginning Net Position	18,179	(808,932)	827,111
Ending Net Position	$ 603,793	$ 18,179	$ 585,614

Revenues were $2,835,808 for the year ended March 31, 2019, while expenses were $2,250,194. Net position increased by $585,614.

Property tax revenues for the fiscal year ended March 31, 2019, totaled $1,316,466. 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 2018 tax year (for the fiscal year ended March 31, 2019) and the 2017 tax year (for the fiscal year ended March 31, 2018) were based on current assessed values of $170,069,214 and $133,366,201, respectively, and tax rates of $0.7725 per $100 of assessed valuation for both years. The District's primary revenue sources are property taxes, tap connection and inspection fees and service accounts.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
MARCH 31, 2019

ANALYSIS OF GOVERNMENTAL FUNDS

Governmental Funds by Year

	2019	2018	2017	2016
Cash and cash equivalents	$ 4,582,548	$ 3,697,219	$ 2,882,011	$ 2,138,879
Other	364,955	140,720	144,149	191,955
Total Assets	4,947,503	3,837,939	3,026,160	2,330,834
Accounts payable and accrued expenses	90,735	52,261	65,345	70,729
Other	313,500	281,021	173,562	294,688
Total Liabilities	404,235	333,282	238,907	365,417
Deferred Inflows of Resources	39,777	10,883	5,347	3,228
Nonspendable, restricted and unassigned	4,503,491	3,493,774	2,781,906	1,962,189
Total Fund Balance	4,503,491	3,493,774	2,781,906	1,962,189
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 4,947,503	$ 3,837,939	$ 3,026,160	$ 2,330,834

BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating costs of the District and joint facilities. The Board of Directors adopted a budget on March 27, 2018 that included revenues of $1,315,685 as compared to expenditures of $1,155,625. When comparing actual to budget, the District had a positive variance of $472,048. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

CAPITAL ASSETS AND INTANGIBLE ASSETS

The District's governmental activities have invested $1,218,585 in intangible assets and $12,366,038 in land and infrastructure. The detail of capital assets is reflected in the following schedule:

Summary of Capital Assets, net

	3/31/2019	3/31/2018
Capital Assets:		
Land	$ 3,791	$ 3,791
Water/Wastewater/Drainage	12,876,760	7,409,846
Less: Accumulated Depreciation	(514,513)	(311,687)
Total Net Capital Assets	$ 12,366,038	$ 7,101,950

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

LONG-TERM DEBT

The District has the following balances outstanding on unlimited tax bonds:

	Bonds Payable
Series 2015	$ 2,880,000
Series 2016	3,200,000
Series 2016A	4,400,000
Series 2018	6,500,000
Total	$ 16,980,000

The District owes approximately $17 million to bondholders. The ratio of the District's long-term debt to the total 2018 taxable assessed valuation ($170,069,214) is 10.0%. The District's population as provided by the District, as of March 14, 2019, is 595. More detailed information about the District's long-term debt is presented in the *Notes to the Financial Statements*.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for the fiscal year ending March 31, 2020, projects a General Fund fund balance increase of $162,346. Compared to the fiscal year 2019 budget, revenues are expected to increase by approximately $389,000 and expenditures are expected to increase by $387,000.

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 Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701.

FINANCIAL STATEMENTS

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
MARCH 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
ASSETS						
Cash and cash equivalents:						
Cash on deposit	$ 153,287	$ -	$ -	$ 153,287	$ -	$ 153,287
Cash equivalent investments	2,675,349	1,570,715	183,197	4,429,261	-	4,429,261
Accounts receivable:						
Service accounts, net of allowance for doubtful accounts of $-0-	164,690	-	-	164,690	-	164,690
Taxes receivable	11,157	28,620	-	39,777	-	39,777
Reserve funds held	15,955	-	-	15,955	-	15,955
Interfund	65,719	-	-	65,719	(65,719)	-
Other receivables	33,006	-	-	33,006	-	33,006
Prepaid expenditures	1,080	-	44,728	45,808	146,742	192,550
Intangible assets, net of accumulated amortization -						
Right to receive service	-	-	-	-	1,218,585	1,218,585
Capital assets, net of accumulated depreciation:						
Land	-	-	-	-	3,791	3,791
Water/Wastewater/Drainage Facilities	-	-	-	-	12,362,247	12,362,247
TOTAL ASSETS	$ 3,120,243	$ 1,599,335	$ 227,925	$ 4,947,503	13,665,646	18,613,149
LIABILITIES						
Accounts payable	$ 79,432	$ -	$ -	$ 79,432	$ -	$ 79,432
Accrued expenses	11,303	-	-	11,303	-	11,303
Accrued interest payable	-	-	-	-	72,882	72,882
Customer deposits	81,851	-	-	81,851	-	81,851
Intergovernmental payable	165,930	-	-	165,930	-	165,930
Interfund payables	-	20,991	44,728	65,719	(65,719)	-
Developer advances	-	-	-	-	656,591	656,591
Bonds payable:						
Due within one year	-	-	-	-	245,000	245,000
Due after one year	-	-	-	-	16,696,367	16,696,367
TOTAL LIABILITIES	338,516	20,991	44,728	404,235	17,605,121	18,009,356
DEFERRED INFLOWS OF RESOURCES						
Property taxes	11,157	28,620	-	39,777	(39,777)	-
TOTAL DEFERRED INFLOWS OF RESOURCES	11,157	28,620	-	39,777	(39,777)	-
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable	1,080	-	-	1,080	(1,080)	-
Restricted for:						
Debt Service	-	1,549,724	-	1,549,724	(1,549,724)	-
Capital Projects	-	-	183,197	183,197	(183,197)	-
Unassigned	2,769,490	-	-	2,769,490	(2,769,490)	-
TOTAL FUND BALANCES	2,770,570	1,549,724	183,197	4,503,491	(4,503,491)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,120,243	$ 1,599,335	$ 227,925	$ 4,947,503		
Net position:						
Net investment in capital assets					(3,173,547)	(3,173,547)
Restricted for debt service					1,505,462	1,505,462
Unrestricted					2,271,878	2,271,878
TOTAL NET POSITION					$ 603,793	$ 603,793

The accompanying notes are an integral part of this statement.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
REVENUES:						
Property taxes, including penalties	$ 330,107	$ 957,465	$ -	$ 1,287,572	$ 28,894	$ 1,316,466
Service accounts, including penalties	481,131	-	-	481,131	-	481,131
Tap connection and inspection fees	928,992	-	-	928,992	-	928,992
Construction inspection fees	26,759	-	-	26,759	-	26,759
Miscellaneous	50,127	21,198	11,135	82,460	-	82,460
TOTAL REVENUES	1,817,116	978,663	11,135	2,806,914	28,894	2,835,808
EXPENDITURES / EXPENSES:						
Current:						
Water reservation fees	32,677	-	-	32,677	-	32,677
Water system fees	165,515	-	-	165,515	-	165,515
Water purchases	100,260	-	-	100,260	-	100,260
Wastewater purchases	59,088	-	-	59,088	-	59,088
Grinder pumps	121,000	-	-	121,000	-	121,000
Connection/inspection fees	26,873	-	-	26,873	-	26,873
Construction inspection fees	26,759	-	-	26,759	-	26,759
Repairs/maintenance	40,643	-	-	40,643	-	40,643
Utilities	2,279	-	-	2,279	-	2,279
Director fees, including payroll taxes	7,266	-	-	7,266	-	7,266
Legal fees	54,693	-	-	54,693	-	54,693
Management fees	60,000	-	-	60,000	-	60,000
Operation fees	31,640	-	-	31,640	-	31,640
Engineering fees	10,800	-	-	10,800	-	10,800
Bookkeeping fees	25,000	-	-	25,000	-	25,000
Audit fees	11,250	-	-	11,250	-	11,250
Other consulting fees	7,871	-	-	7,871	-	7,871
Tax appraisal/collection fees	1,910	4,029	-	5,939	-	5,939
Insurance	1,884	-	-	1,884	-	1,884
Public notice	519	-	-	519	-	519
Other	10,118	-	-	10,118	-	10,118
Debt Service:						
Principal	-	135,000	-	135,000	(135,000)	-
Interest	-	435,682	-	435,682	33,519	469,201
Fiscal agent fees and other	-	1,200	-	1,200	-	1,200
Bond issuance costs	-	-	575,723	575,723	(68,000)	507,723
Reimburse prior year advances	-	-	452,896	452,896	(221,209)	231,687
Capital outlay	419,592	-	5,466,914	5,886,506	(5,886,506)	-
Depreciation and amortization	-	-	-	-	238,309	238,309
TOTAL EXPENDITURES / EXPENSES	1,217,637	575,911	6,495,533	8,289,081	(6,038,887)	2,250,194
Excess/(Deficiency) of revenues over/(under) expenditures	599,479	402,752	(6,484,398)	(5,482,167)	6,067,781	585,614
OTHER FINANCING SOURCES/(USES):						
Bond proceeds	-	389,345	6,110,655	6,500,000	(6,500,000)	-
Bond premium	-	-	9,066	9,066	(9,066)	-
Bond discount	-	-	(49,811)	(49,811)	49,811	-
Developer advances	32,629	-	-	32,629	(32,629)	-
TOTAL OTHER FINANCING SOURCES, NET	32,629	389,345	6,069,910	6,491,884	(6,491,884)	-
NET CHANGE IN FUND BALANCES	632,108	792,097	(414,488)	1,009,717	(1,009,717)	-
CHANGE IN NET POSITION					585,614	585,614
FUND BALANCES / NET POSITION:						
Beginning of the year	2,138,462	757,627	597,685	3,493,774	(3,475,595)	18,179
End of the year	$ 2,770,570	$ 1,549,724	$ 183,197	$ 4,503,491	$ (3,899,698)	$ 603,793

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 13
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Travis County Municipal Utility District No. 13 (the "District") relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles ("GAAP") as applied to governmental entities. GAAP for local governments includes those principles prescribed by the *Governmental Accounting Standards Board* (the "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 June 18, 1999, by the Texas Commission on Environmental Quality (formerly known as the Texas Natural Resource Conservation Commission) pursuant to the provisions of Chapter 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").

The 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 and intangible assets, including restricted capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) -

Basis of Presentation - Government-wide and Fund Financial Statements (continued) –

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

The basic 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 and amortization expense on the District's capital and intangible assets, including infrastructure.

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

- **Fund Financial Statements:**

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Presentation - Government-wide and Fund Financial Statements (continued) –

Governmental Fund Types (continued) –

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

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

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

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 the 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 net 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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Basis of Accounting (continued) -

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

Budgets and Budgetary Accounting - An unappropriated budget was adopted on March 27, 2018 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. The budget was not amended during the current fiscal year.

Pensions - The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that Directors are considered to be “employees” for federal payroll tax purposes only.

Cash and Cash Equivalents - Cash and cash equivalents includes cash on deposit as well as investments with maturities of three months or less.

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

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

Asset	Years
Right to receive service	40
Water/Wastewater/Drainage Facilities	5 - 50

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

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

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

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

Fund Equity **-** The District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 15 for additional information on those fund balance classifications.

Accounting Estimates **-** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of 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:

Fund Balances - Total Governmental Funds		$ 4,503,491
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Capital assets	12,880,551	
Less: Accumulated depreciation	(514,513)	
Intangible assets	1,324,180	
Less: Accumulated amortization	(105,595)	13,584,623
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.		39,777
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Advances from developer	(656,591)	
Bonds payable	(16,980,000)	
Issuance premium/discount, net	38,633	
Prepaid bond insurance premium	146,742	
Accrued interest	(72,882)	(17,524,098)
Net Position - Governmental Activities		$ 603,793

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

Net Change in Fund Balances - Governmental Funds		$ 1,009,717
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Developer advances in year (received)/paid, net	188,580	
Capital outlay in year paid	5,886,506	
Interest expenditures in year paid	(33,519)	
Tax revenue when collected	28,894	
Bond insurance premium in year paid	68,000	
Bond principal in year paid	135,000	
Bond sales and related bond premium/(discount) as other financing sources/(uses)	(6,459,255)	(185,794)
Governmental funds do not report:		
Depreciation of capital assets	(202,826)	
Amortization of intangible assets	(35,483)	(238,309)
Change in Net Position - Governmental Activities		$ 585,614

3. CASH AND CASH EQUIVALENTS

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 March 31, 2019, the carrying amount of the District's deposits was $153,287 and the bank balance was $200,793. 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.

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 AAAm by a nationally recognized rating agency.

3. CASH AND INVESTMENTS (continued) -

		Governmental Fund				
		General	Debt Service	Capital Projects	Investment Rating	
Investment	Fair Market Value at 3/31/2019	Unrestricted	Restricted (1)	Restricted (2)	Rating	Rating Agency
Texpool	$ 4,429,261	$ 2,675,349	$ 1,570,715	$ 183,197	AAAm	Standard & Poors
	$ 4,429,261	$ 2,675,349	$ 1,570,715	$ 183,197		

(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.

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 March 31, 2019, 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 March 31, 2019, the District's bank deposits were fully covered by FDIC insurance.

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past-due the following February 1. The Travis Central Appraisal District establishes appraised values in accordance with requirements of the Texas Legislature. The District levies taxes based on the appraised values. The Travis County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set current tax rates on September 25, 2018.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2018 tax roll. The tax rate, based on total taxable assessed valuation of $170,069,214, was $0.7725 on each $100 valuation and was allocated $0.1975 to the General Fund and $0.5750 to the Debt Service Fund. The maximum allowable maintenance tax of $1.50 was established by the voters on May 10, 2008.

4. PROPERTY TAXES (continued) -

Property taxes receivable at March 31, 2019, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	$ 8,609	$ 25,065	$ 33,674
Prior years' levies	2,548	3,555	6,103
	$ 11,157	$ 28,620	$ 39,777

The District is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

5. INTERFUND ACCOUNTS

A summary of interfund accounts at March 31, 2019 is as follows:

	Interfund Receivable	Interfund Payable
General Fund:		
Debt Service Fund	$ 20,991	$ -
Capital Projects Fund	44,728	-
Debt Service Fund -		
General Fund	-	20,991
Capital Projects Fund -		
General Fund	-	44,728
	$ 65,719	$ 65,719

6. INTANGIBLE ASSETS

A summary of changes in intangible assets follows:

	Balance 4/1/2018	Additions	Deletions	Balance 3/31/2019
Intangible assets -				
Right to receive service	$ 904,588	$ 419,592	$ -	$ 1,324,180
Total intangible assets being amortized	904,588	419,592	-	1,324,180
Less accumulated amortization for -				
Right to receive service	(70,112)	(35,483)	-	(105,595)
Total accumulated amortization	(70,112)	(35,483)	-	(105,595)
Total intangible assets being amortized, net of accumulated amortization	$ 834,476	$ 384,109	$ -	$ 1,218,585

7. CHANGES IN CAPITAL ASSETS

	Balance 4/1/2018	Additions	Deletions	Balance 3/31/2019
Capital assets not being depreciated -				
Land	$ 3,791	$ -	$ -	$ 3,791
Capital assets being depreciated -				
Water, Wastewater & Drainage Facilities	7,409,846	5,466,914	-	12,876,760
Total capital assets being depreciated	7,409,846	5,466,914	-	12,876,760
Less accumulated depreciation for -				
Water, Wastewater & Drainage Facilities	(311,687)	(202,826)	-	(514,513)
Total accumulated depreciation	(311,687)	(202,826)	-	(514,513)
Total capital assets being depreciated, net of accumulated depreciation	7,098,159	5,264,088	-	12,362,247
Total capital assets, net	$ 7,101,950	$ 5,264,088	$ -	$ 12,366,038

8. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended March 31, 2019:

	Unlimited Tax Bonds
Bonds payable at April 1, 2018	$ 10,615,000
Bonds issued	6,500,000
Bonds retired	(135,000)
Bond premium/discount, net	(38,633)
Bonds payable at March 31, 2019	$ 16,941,367

On October 25, 2018, the District issued $6,500,000 of Unlimited Tax Bonds, Series 2018, with interest rates ranging from 3.00% to 4.00%. The net proceeds of $5,907,884 (after payment of underwriter fees and other bond related costs) were used to finance developer funded construction, creation and operating costs, fund future interest payments and to pay subsequent bond issue costs.

Bonds payable at March 31, 2019, were comprised of the following individual issues:

Unlimited Tax Bonds:

$2,880,000 – 2015 Unlimited Tax Bonds payable serially through the year 2040 at interest rates which range from 2.00% to 4.00%. Bonds maturing on and after August 15, 2023 are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time, in part, on August 15, 2022. Additionally, term bonds maturing on August 15, 2033 and 2040 are subject to mandatory sinking fund redemption.

8. BONDED DEBT (continued) -

$3,200,000 – 2016 Unlimited Tax Bonds payable serially through the year 2041 at interest rates which range from 3.00% to 4.00%. Bonds maturing on and after August 15, 2024 are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time, in part, on August 15, 2023. Additionally, term bonds maturing on August 15, 2027, 2029, 2031, 2033, 2035, 2037, 2039 and 2041 are subject to mandatory sinking fund redemption.

$4,400,000 – 2016A Unlimited Tax Bonds payable serially through the year 2045 at interest rates which range from 3.00% to 3.375%. Bonds maturing on and after August 15, 2026 are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time, in part, on August 15, 2024. Additionally, term bonds maturing on August 15, 2026, 2028, 2030, 2032, 2034, 2036, 2040 and 2045 are subject to mandatory sinking fund redemption.

$6,500,000 – 2018 Unlimited Tax Bonds payable serially through the year 2048 at interest rates which range from 3.00% to 4.00%. Bonds maturing on and after August 15, 2024 are subject to redemption at the option of the District prior to their maturity dates in whole or from time to time, in part, on August 15, 2023. Additionally, term bonds maturing on August 15, 2028, 2030, 2032, 2034, 2042, 2045 and 2048 are subject to mandatory sinking fund redemption.

The annual requirements to amortize all bonded debt at March 31, 2019, including interest, are as follows:

	Annual Requirements for All Series		
Fiscal Year Ended March 31	Principal	Interest	Total
2020	$ 245,000	$ 596,270	$ 841,270
2021	430,000	586,821	1,016,821
2022	440,000	574,402	1,014,402
2023	455,000	561,459	1,016,459
2024	465,000	547,966	1,012,966
2025-2029	2,545,000	2,512,997	5,057,997
2030-2034	2,985,000	2,047,184	5,032,184
2035-2039	3,500,000	1,461,228	4,961,228
2040-2044	3,470,000	777,205	4,247,205
2045-2049	2,445,000	214,168	2,659,168
	$ 16,980,000	$ 9,879,700	$ 26,859,700

$1,549,724 is available in the Debt Service Fund to service the bonded debt.

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

8. BONDED DEBT (continued) -

Bonds authorized but not issued as of March 31, 2019, are as follows:

Type		Amount
Unlimited Tax Bonds	$	95,865,000
Park and Recreational Facilities	$	53,055,000

9. COMMITMENTS AND CONTINGENCIES

The developer of the land within the District has incurred costs for construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operating advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the developer by the District from proceeds of future District bond issues, subject to approval by the Commission, or from operations. A bond election held within the District approved authorization to issue $113,040,000 of bonds to fund costs for water, wastewater and drainage facilities. Additionally, $53,055,000 of bonds to fund costs for parks and recreational facilities were approved by voters of the District. As of March 31, 2019, the District has issued $17,175,000 of unlimited tax bonds to reimburse the developer for District construction and creation costs. As of March 31, 2019, the District has not issued any bonds to reimburse the developer for recreational facilities. During the current fiscal year, the developer of the District advanced $32,629 to the District. At March 31, 2019, the District has $656,591 outstanding in developer advances which were used to fund operating activities of the District.

10. RISK MANAGEMENT

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

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

11. FIRM WATER CONTRACT

On September 23, 2008, Travis County Municipal Utility District No. 12 ("District No. 12") executed a Firm Water Contract with the Lower Colorado River Authority ("LCRA") on behalf of itself, Travis County Municipal Utility District No. 11 ("District No. 11") and the District (collectively, the Participating Districts). Per the terms of the contract, the Participating Districts will have the right to a maximum of 1,680 acre-feet (547,429,680 gallons) of raw or untreated water per annum. If the amount of water diverted for any reason exceeds the maximum annual quantity during two consecutive years, or two out of any four consecutive years, the LCRA shall have the right to require District No. 12 to negotiate a new standard firm water contract for an increased maximum annual quantity of water on behalf of the Participating Districts. The water supplied by the LCRA is for municipal use only. This water supply and the related costs will be shared by the Participating Districts (see Note 14). Under the Firm Water Contract, the District is obligated to implement a water conservation plan and to amend its water conservation plan as necessary to reflect amendments in State law or LCRA's rules and regulations.

Under the Firm Water Contract, District No. 12 is required to pay the LCRA, on a monthly basis, an amount of money equal to the rate determined by the Board of Directors of the LCRA to then be in effect for all sales of firm water for the same use as provided in the contract ("Water Rate") multiplied by the amount of water diverted by District No. 12, on behalf of the Participating Districts, during the previous month. In addition, District No. 12 agreed to pay the LCRA, on a calendar year basis, an amount of money equal to the water rate multiplied by fifty percent of the excess of the maximum annual quantity reserved under the contract over the amount of water diverted during the previous calendar year. Further, District No. 12 agreed to pay the cost of any water diverted in excess of the maximum annual quantity as defined in the contract. These costs are allocated among and shared by the Participating Districts (see Note 14).

The term of this contract is 40 years.

12. WHOLESALE WATER SERVICES AGREEMENT

On October 20, 2009, District No. 12 executed a Wholesale Water Services Agreement (the "Water Services Agreement") with the LCRA in which LCRA agreed to provide wholesale water services to District 12 on behalf of the Participating Districts. Per the Water Services Agreement, the Participating Districts will be responsible for construction of all improvements necessary to transport the potable water provided by LCRA from the delivery point to the Participating Districts' utility systems and to supply potable water service to the Participating Districts' service areas. Per the Water Services Agreement, LCRA has agreed to expand and improve water facilities (the "LCRA System") as necessary to provide adequate wholesale water services, with all costs of the LCRA System to be recovered in a fair and equitable manner through the rates and charges of LCRA to the customers of the LCRA System. The LCRA contracted to sell the West Travis County Water System to the West Travis Public Utility Agency (the "PUA") in an installment sale and, in connection with that sale, transferred operations and maintenance responsibilities under the Water Services Agreement to the PUA as its assignee.

13. WHOLESALE WASTEWATER CAPACITY AND SERVICES AGREEMENT

Effective July 29, 2015, District No. 12 contracted with Lakeway Municipal Utility District ("Lakeway MUD") on behalf of the Participating Districts to purchase an additional maximum monthly daily average volume of 305,200 GPD of wastewater treatment and disposal capacity from Lakeway MUD for a total purchase price of $4,941,000 in order to provide the Participating Districts with a total maximum monthly daily average volume of wastewater treatment and disposal capacity of 400,000 GPD in lieu of construction of a stand-alone plant by the Participating Districts. The District's share of this payment was determined to be $2,075,200 or 42% as defined in Note 14.

14. MEMORANDUM OF UNDERSTANDING REGARDING SHARED RAW WATER SUPPLY AND WATER AND WASTEWATER CAPACITY

Effective April 5, 2010, the Participating Districts entered into an Amended and Restated Memorandum of Understanding Regarding Shared Raw Water Supply and Water and Wastewater Capacity and Services ("MOU) with Rough Hollow Development, Ltd. (the "Developer"). The MOU was executed in contemplation of the future execution of a Shared Facilities Agreement between the parties.

The MOU has been amended by First Amendment dated effective August 23, 2011, Second Amendment dated effective as of August 12, 2014, and Third Amendment dated effective August 19, 2015. The MOU, as amended, provides for, among other things, the allocation of costs for shared raw water supply and allocated capacity for shared water and wastewater facilities that serve the portion of District No. 11 located within the area known as the Highlands, and all of District No. 12 and the District (the "Highlands").

The allocations are as follows:

Allocated Raw Water Supply and Share of Raw Water Costs

District	Allocated Water Supply	Cost Allocation Percentage
District No. 11	142.332 million gal/yr	26.0%
District No. 12	218.972 million gal/yr	40.0%
The District	186.126 million gal/yr	34.0%

Allocated Capacity and Share of Costs in Lift Station No. 1 and Four-Inch Force Main

District	Allocated Capacity	Cost Allocation Percentage
District No. 11	180 LUE's	71.1%
District No. 12	0 LUE's	0.0%
The District	73 LUE's	28.9%
Total	253 LUE's	100.0%

14. MEMORANDUM OF UNDERSTANDING REGARDING SHARED RAW WATER SUPPLY AND WATER AND WASTEWATER CAPACITY (continued) -

Allocated Capacity and Share of Costs of Potable Water Services and Highlands Shared Facilities

District	Allocated Capacity	Cost Allocation Percentage
District No. 11	152 LUE's	10.0%
District No. 12	799 LUE's	48.0%
The District	689 LUE's	42.0%
Total	1,640 LUE's	100.0%

Under the Third Amendment to the MOU, the additional wastewater capacity of 305,200 GPD purchased from Lakeway MUD by District No. 12 on behalf of the Participating Districts is to be allocated as set forth above for the Highland Shared Facilities.

Under the MOU, the Developer has agreed to pay the District's share of costs under the Firm Water Contract described in Note 11, the Water Services Agreement described in Note 12 and certain other costs associated with water actually being used by the District to provide service until the District is utilizing all water allocated to it under the MOU or has revenues available to pay its share of such costs.

15. FUND BALANCES

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

- Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.
- Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board. The District had no such amounts.
- Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed. The District had no such amounts.
- Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

15. FUND BALANCES (continued) -

The details of the fund balances are included in the Governmental Funds Balance Sheet on page FS-1.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

16. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of the bond issues.

The District is required to provide continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District. The District files such information in accordance with the requirements of the Municipal Securities Rulemaking Board, to the Electronic Municipal Market Access ("EMMA") system.

17. PENDING LITIGATION

On March 6, 2014, the District No. 12, on behalf of the Participating Districts, filed an administrative appeal before the Public Utility Commission of Texas (the "PUCT") appealing a change of wholesale water rates implemented by the PUA under the Water Services Agreement. District No. 12's appeal sought to have the PUCT declare that the rates for wholesale water service charged to the Participating Districts and the rate methodology used by the PUA to set the rates adversely affected the public interest, and to ultimately require the PUA to submit to the rate setting authority of the PUCT for a determination of just and reasonable rates. After a contested case hearing and based on a recommendation by an Administrative Law Judge, the PUCT concluded that the rate and methodology were not adverse to the public interest and denied the District's appeal. The District, on behalf of the Participating Districts, timely filed a motion for rehearing which the PUCT declined to consider. On February 4, 2016, District No. 12, on behalf of the Participating Districts, filed a petition asking the Travis County District Court to review, reverse, and remand the PUCT order. The petition is currently pending in the 250th Judicial Court.

17. PENDING LITIGATION (continued) -

It is not possible at this time to form judgement as to whether the outcome of this claim will be unfavorable to the District or the range of possible loss to the District in the event of an unfavorable outcome, other than the cost of the litigation itself.

18. SUBSEQUENT EVENT

On June 6, 2019, the District issued $3,500,000 of Series 2019 unlimited tax bonds. Proceeds of the bonds were used to reimburse a developer within the District for the District's portion of certain costs of water, wastewater and drainage facilities, plus certain organizational and operational costs. The bonds were issued at interest rates ranging from 3.00% to 5.00% with maturity dates through August 15, 2049.

APPENDIX C

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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


SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES