

NEW ISSUE-BOOK-ENTRY-ONLY

Delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that 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."

THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions"

\$2,000,000**MOORE'S CROSSING MUNICIPAL UTILITY DISTRICT****(A Political Subdivision of the State of Texas Located in Travis County, Texas)****UNLIMITED TAX BONDS, SERIES 2011****Dated: May 1, 2011****Due: September 1, as shown below**

Interest on the Bonds will accrue from May 1, 2011 and is payable September 1, 2011 and each March 1 and September 1 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company New York, New York, ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrars for the Bonds is BOKF, N.A., dba Bank of Texas, Austin, Texas ("the "Paying Agent"). The Bonds are obligations solely of the District and are not obligations of the City of Austin, Texas; Travis County, Texas; the State of Texas; or any entity other than the District.

**MATURITIES
(Due September 1)**

Due	Principal Amount	Interest Rate (a)	Initial Reoffering Yield (b)	CUSIP Number (c)	Due	Principal Amount	Interest Rate (a)	Initial Reoffering Yield (b)	CUSIP Number (c)
2012	\$ 25,000	_____ %	_____ %	_____	2022*	\$ 100,000	_____ %	_____ %	_____
2013	25,000	_____ %	_____ %	_____	2023*	100,000	_____ %	_____ %	_____
2014	50,000	_____ %	_____ %	_____	2024*	125,000	_____ %	_____ %	_____
2015	50,000	_____ %	_____ %	_____	2025*	125,000	_____ %	_____ %	_____
2016	50,000	_____ %	_____ %	_____	2026*	125,000	_____ %	_____ %	_____
2017	50,000	_____ %	_____ %	_____	2027*	150,000	_____ %	_____ %	_____
2018*	75,000	_____ %	_____ %	_____	2028*	150,000	_____ %	_____ %	_____
2019*	75,000	_____ %	_____ %	_____	2029*	175,000	_____ %	_____ %	_____
2020*	75,000	_____ %	_____ %	_____	2030*	175,000	_____ %	_____ %	_____
2021*	100,000	_____ %	_____ %	_____	2031*	200,000	_____ %	_____ %	_____

* Redemption Provisions: The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2018 in whole or from time to time in part, on September 1, 2017, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Bonds maturing on September 1 in the years _____ and _____ are also subject to mandatory sinking fund redemption. See "THE BONDS - Redemption."

- (a) After requesting competitive bids for purchase of the Bonds, the District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of _____ % of par plus accrued interest to the date of delivery, resulting in a net effective interest rate to the District of _____ %. See "SALE AND DISTRIBUTION OF THE BONDS."
- (b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first redemption date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser (as herein defined). The yields may be changed at any time at the discretion of the Initial Purchaser. Accrued interest from May 1, 2011 to the date of delivery of the Bonds to the Initial Purchaser is to be added to the price paid by the Initial Purchaser.
- (c) 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. Neither the Initial Purchaser, the District, nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

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. See "THE BONDS - Source of and Security for Payment." THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS" herein.

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 Initial Bond by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about _____, 2011 in Austin, Texas.

**Bids Due: _____, 2011 at _____ A.M., C.S.T.
at 701 Brazos, Suite 400, Austin, Texas 78701
Award Expected: 11:30 A.M., C.S.T.**

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

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor, for further information.

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

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS PRELIMINARY 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 has accepted the bid of _____ (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the cover page of this Official Statement at a price of _____% of par plus accrued interest to the date of delivery. No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

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

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; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND RATINGS AND INSURANCE

No application has been made to a rating service or municipal bond insurance company, nor is it expected that the District would have been successful in obtaining an investment grade rating or bond insurance commitment had such applications been made.

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OFFICIAL STATEMENT SUMMARY

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

The District

The District.....	Moore's Crossing Municipal Utility District (the "District"), a political subdivision of the State of Texas, was created by order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission") adopted on June 17, 1987, and a confirmation election held within the District on November 3, 1987, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District was created to provide water, wastewater and storm drainage facilities to serve approximately 838.48 acres within its boundaries, all of which lie within Travis County and within the limited purpose jurisdiction of the City of Austin. See "THE DISTRICT – General."
Location.....	The District is located in southeastern Travis County approximately eight miles south-southeast of the City of Austin's central business district and is situated immediately southeast of Austin-Bergstrom International Airport. Access to the District is provided by Interstate Highway 35 and Burleson Road via Elroy Road. See "LOCATION MAP" and "THE DISTRICT - Location."
The Developer	Land within the District is being developed by SR Development (the "Developer"). See "THE DEVELOPER."
Status of Development.....	The District contains 838.48 acres, of which approximately 645.70 acres are developable. As of January 15, 2011, approximately 192.40 acres (or approximately 27.70% of the developable acreage) has been developed as 813 single family lots and an approximately 17 acre school site. Development within the District as January 15, 2011 included 730 completed single family homes, 0 homes under construction, and 83 developed vacant single family lots located within the residential subdivision of Moore's Crossing Stoney Ridge, Phase A Sections 2, 3A, 3B, 3C, 5A, 5B, 6 and Phase B Sections 1 and 2. The District also contains a Del Valle Independent School District elementary school (approximately 17.10 acres) which opened in the fall of 1999. The Developer expects the remaining 453.30 developable acres to be developed as single family, multi family, industrial and retail improvements. See "THE DISTRICT – Historical and Current Status of Development" and "Future Development."
Builder.....	The homebuilders currently active within the District are Lennar Homes of Texas, Inc. ("Lennar") and Luxor Homes of Texas ("Luxor"). The Developer has represented that the sales price of homes being constructed generally range from approximately \$108,000 to \$165,000, with square footage ranging from approximately 960 to 2,300. See "THE DISTRICT – Homebuilders."

The Bonds

Description	The Bonds in the aggregate principal amount of \$2,000,000 mature serially in varying amounts on September 1 of each year from 2012 through 2031 as set forth on the cover page hereof. Interest accrues from May 1, 2011 at the rates per annum set forth on the cover page hereof and is payable September 1, 2011 and each March 1 and September 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See "THE BONDS - General Description."
Redemption	Bonds maturing on September 1 in the years 2018 through 2031, inclusive, are subject to redemption in whole or from time to time in part at the option of the District on September 1, 2017, or on any date thereafter, at par plus accrued interest from the most recent interest payment date to the date of redemption. The Bonds maturing September 1, in the years ____ and ____ are also subject to mandatory sinking fund redemption. See "THE BONDS - Redemption."

Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District, which under Texas law is not legally limited as to rate or amount. See "TAXING PROCEDURES." The Bonds are obligations solely of the District and are not obligations of the City of Austin, Texas; Travis County, Texas; the State of Texas; or any entity other than the District. See "THE BONDS - Source of and Security for Payment."
Payment Record.....	The Bonds constitute the fourth installment of new money bonds issued by the District. The District has also issued one series of refunding bonds. The District has made timely payment on its Unlimited Tax Bonds, Series 1998; Unlimited Tax Bonds, Series 2003; Unlimited Tax Refunding Bonds Series 2004; and Unlimited Tax Bonds, Series 2005 (collectively, the "Outstanding Bonds"). See "FINANCIAL STATEMENT - Outstanding Bonds."
Authority for Issuance	The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the Act, and the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 3, 1987, approving the issuance of bonds; the approving Order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"); and a resolution (the "Bond Resolution") adopted by the Board of Directors of the District on the date of the sale of the Bonds. See "THE BONDS - Authority for Issuance."
Use of Proceeds.....	<p>The proceeds of the Bonds will be used to finance the District's share of the following projects: (i) Stoney Ridge Phase B, North detention pond; and (ii) water distribution, wastewater collection, and storm drainage facilities serving Stoney Ridge Phase B, Section 2.</p> <p>Additionally, bond proceeds will be used to pay : i) engineering fees associated with a portion of the above construction projects; ii) developer interest accrued on a portion of the above projects; iii) approximately twenty-four months of capitalized interest; and iv) certain costs associated with the issuance of the Bonds.</p>
Bonds Authorized But Unissued	At an election held within the District on November 3, 1987 voters within the District authorized a total of \$32,000,000 in bonds. After the sale of the Bonds, \$23,905,000 in bonds will remain authorized but unissued. See "FINANCIAL STATEMENT - Outstanding Bonds"; "Unlimited Tax Bonds Authorized but Unissued"; and "THE BONDS – Issuance of Additional Debt."
Municipal Bond Ratings and Insurance.....	In connection with the sale of the Bonds, the District has not applied for a rating or a municipal bond insurance commitment on the Bonds, nor is it expected that an investment grade rating or municipal bond insurance commitment would have been received had an applications been made.
Qualified Tax-Exempt Obligations	The District is expected to designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and will represent that the total amount of tax-exempt obligations (including the Bonds) issued by it during calendar year 2011 is not reasonably expected to exceed \$10,000,000. See "TAX MATTERS – Purchase of Tax-Exempt Obligations by Financial Institutions."
Bond Counsel and Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Austin, Texas.
General Counsel	Armbrust & Brown, PLLC, Austin, Texas.
Financial Advisor	Southwest Securities, Austin, Texas.
Engineer	Schroeder Engineering Company, Austin, Texas.
RISK FACTORS	
The purchase and ownership of the Bonds involve certain risk factors and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned "RISK FACTORS."	

SELECTED FINANCIAL INFORMATION
(Unaudited as of [REDACTED], 2011)

2010 Certified Assessed Valuation.....	\$70,592,034	(a)
Estimated Assessed Valuation as of January 15, 2011	\$73,647,873	(b)
Gross Debt Outstanding (after issuance of the Bonds)		
District Debt.....	\$6,760,000	(c)
Ratio of Gross Debt to 2010 Certified Assessed Valuation	9.58%	
Ratio of Gross Debt to Estimated Assessed Valuation as of January 15, 2011.....	9.18%	
2010 Tax Rate		
Debt Service.....	\$0.5939	
Maintenance & Operation	<u>\$0.3161</u>	
Total.....	<u>\$0.9100</u>	(d)
Debt Service Fund Balance (as of January 18, 2011)	\$490,234	(e)
Average percentage of current tax collections - Tax Years 1997-2009	99.28%	(f)
Average percentage of total tax collections - Tax Years 1997-2009	99.67%	(f)
Projected Average Annual Debt Service Requirement (2012-2027) of the District after the issuance of the Bonds ("Projected Average Requirement")	\$575,221	
Tax rate required to pay Projected Average Annual Debt Service Requirement based upon 2010 Certified Assessed Valuation at 95% collections	\$0.86/\$100	A.V.
Tax rate required to pay Projected Average Annual Debt Service Requirement based upon Estimated Assessed Valuation as of January 15, 2011 at 95% collections.....	\$0.83/\$100	A.V.
Projected Maximum Annual Debt Service Requirement (2012) of the District after the issuance of the Bonds ("Projected Maximum Requirement")	\$640,356	
Tax rate required to pay Projected Maximum Annual Debt Service Requirement based upon 2010 Certified Assessed Valuation at 95% collections	\$0.96/\$100	A.V.
Tax rate required to pay Projected Maximum Annual Debt Service Requirement based upon Estimated Assessed Valuation as of January 15, 2011 at 95% collections.....	\$0.92/\$100	A.V.
Number of Active Connections as of [REDACTED], 2011		
Single Family – Complete and occupied.....	[REDACTED]	
Single Family – Complete and unoccupied.....	[REDACTED]	
Estimated Population as of [REDACTED], 2011	[REDACTED]	(g)

- (a) Assessed valuation of the District as of January 1, 2010, as certified by the Travis Central Appraisal District ("TCAD"). See "TAXING PROCEDURES."
- (b) As estimated by TCAD as of January 15, 2011 and is included solely for purposes of illustration. See "TAXING PROCEDURES."
- (c) Includes the Bonds.
- (d) The District levied a 2010 tax rate of \$0.91 at its meeting in September 2010. In its order approving the issuance of the Bonds, the TCEQ recommended that the District levy a debt service tax rate of not less than \$0.69 per \$100 assessed valuation.
- (e) Unaudited. Does not include approximately twenty-four months of capitalized interest which is projected to be deposited into the Debt Service Fund at closing from the proceeds of the Bonds. Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund.
- (g) The District's initial tax levy was for Tax Year 1997.
- (h) Based upon 3.5 residents per completed and occupied single family home.

OFFICIAL STATEMENT
relating to
\$2,000,000
Moore's Crossing Municipal Utility District
(A Political Subdivision of the State of Texas Located in Travis County, Texas)

UNLIMITED TAX BONDS, SERIES 2011

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Moore's Crossing Municipal Utility District (the "District"), a political subdivision of the State of Texas, of its \$2,000,000 Unlimited Tax Bonds, Series 2011 (the "Bonds").

The Bonds are issued pursuant to a resolution (the "Bond Resolution") adopted by the Board of Directors of the District on the date of the sale of the Bonds, pursuant to the Constitution and general laws of the State of Texas including Chapter 966, Sections 3.1601 to 3.1614 of the 77th Regular Session of the Texas Legislature effective September 1, 2001 (the "Act") and Chapters 49 and 54 of the Texas Water Code, as amended, the bond election approved by the voters within the District on November 3, 1987, and the approving order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission").

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolution.

Included in this Official Statement are descriptions of the Bonds and the Bond Resolution. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES AND ONLY ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o Armbrust & Brown, PLLC, 100 Congress Avenue Suite 1300, Austin, Texas, 78701 or from the District's Financial Advisor, Southwest Securities, 701 Brazos, Suite 400, Austin, Texas, 78701, upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General Description

The Bonds of the District to be known and designated as Moore's Crossing Municipal Utility District Unlimited Tax Bonds, Series 2011, shall be issued in the aggregate principal amount of \$2,000,000 for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending a water, wastewater, and drainage system and facilities for providing water, wastewater and drainage services within the District, including, but not limited to, all additions thereto and all works, improvements, facilities, plants, equipment, appliances, interests in property, and contract rights needed therefor, and administrative facilities needed in connection therewith, and to pay certain costs of creation and administration of the District under and in strict conformity with the Constitution and laws of the State of Texas.

The Bonds will bear interest from May 1, 2011 and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the cover page hereof. Interest on the Bonds will be paid on September 1, 2011 and each March 1 and September 1 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, N.A., dba Bank of Texas, Austin, Texas (the "Paying Agent").

Redemption

Optional Redemption . . . The Bonds maturing on and after September 1, 2018, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2017, or on any date thereafter, 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 . . . In addition to being subject to optional redemption, as provided above, the Bonds maturing on September 1 in the years ____ and ____ are subject to mandatory sinking fund redemption prior to maturity by lot in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date from amounts required to be deposited in the Debt Service Fund:

Bonds Maturing September 1,

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
---	------------------------------------

Bonds Maturing September 1,

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
---	------------------------------------

*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 or (2) 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 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 whole or in part in increments of \$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 maturity or maturities of 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.

Termination of Book-Entry-Only System

The District is initially utilizing the book-entry-only system of DTC. 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 or prior redemption 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, 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 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) calendar day of the month (whether or not a business day) 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 Resolution 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 an election held within the District on November 3, 1987, voters within the District authorized a total of \$32,000,000 of unlimited tax bonds. The Bonds constitute the fourth installment of unlimited tax bonds issued by the District. The District has also issued one series of unlimited tax refunding bonds. After the sale of the Bonds, \$23,905,000 principal amount of District unlimited tax bonds will remain authorized but unissued. The Bonds are issued pursuant to the terms and provisions of the Bond Resolution, the Act, Chapters 49 and 54 of the Texas Water Code, as amended, the bond election approved by the voters, and Article XVI, Section 59 of the Texas Constitution. The issuance of the Bonds has been approved by the TCEQ.

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 Resolution 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 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 Bonds are obligations solely of the District and are not obligations of the City of Austin, Texas; Travis County, Texas; the State of Texas; or any political subdivision or entity other than the District.

Payment Record

The District has previously issued four series of bonds including: Unlimited Tax Bonds, Series 1998; Unlimited Tax Bonds, Series 2003; Unlimited Tax Refunding Bonds, Series 2004; and Unlimited Tax Bonds, Series 2005 (collectively, the "Outstanding Bonds"). The District has not defaulted on the payment of principal or interest on such Outstanding Bonds. Up to two years of capitalized interest was included in the Outstanding Bonds, excluding the refunding bonds.

Flow of Funds

The Bond Resolution affirms creation, establishment and maintenance by the District of, a Construction Fund and a Debt Service Fund for the Bonds. The Bond Resolution 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 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 to) the Bonds, and (iii) such other funds as the Board shall, at its option, deem advisable. The Bond Resolution 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 the Paying Agent when due.

Defeasance of Outstanding Bonds

General . . . The Bond Resolution provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Resolution 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 Resolution (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 Resolution 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 Resolution.

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 Paying Agent 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 Resolution.

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, and (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.

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.

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 resolution authorizing the issuance of such bond, 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.

Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid by BOKF, N.A., dba Bank of Texas, having its office for payment in Austin, Texas, the initial Paying Agent/Registrar (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 Resolution 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.

Record Date

The record date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) preceding such interest payment date.

Issuance of Additional Debt

The District may issue bonds necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ, the City of Austin and, in the case of bonds payable from taxes, the District's voters. Following the issuance of the Bonds, \$23,905,000 unlimited tax bonds authorized by the District's voters will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds or other contractual obligations secured by ad valorem taxes. The District also has the right to enter into certain other obligations including the issuance of revenue bonds and notes, bond anticipation notes and tax anticipation notes without voter approval. 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. See "RISK FACTORS."

According to the District's engineer, after reimbursements made with proceeds of the Bonds, approximately \$ [REDACTED] will remain payable

for funds advanced in connection with the development of property within the District (see "THE DISTRICT – Historical and Current Status of Development"). The District does not currently anticipate issuing the full principal amount of authorized but unissued bonds (\$23,905,000) but is legally authorized to do so upon the approval of the TCEQ, the City of Austin and the Board of Directors. The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject approval of the City of Austin and 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.

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186 of the Water Code, bonds, notes or other obligations issued by a district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts and all other kinds and types of districts, public agencies and bodies politic." Additionally, Section 49.186 of the Water Code provides that bonds, notes or other obligations issued by a 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.

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.

Specific Tax Covenants

In the Bond Resolution the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the manner in which the proceeds of the Bonds are to be invested. The District may cease to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or compliance with such covenant adversely affects the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

Additional Covenants

The District has additionally covenanted in the Bond Resolution that it will keep accurate records and accounts and employ an independent certified public accountant to audit and report on its financial affairs at the close of each fiscal year, such audits to be in accordance with applicable law, rules and regulations and open to inspection in the office of the District.

Remedies in Event of Default

The Bond Resolution provides that, in addition to all other rights and remedies of any owner of Bonds provided by the laws of the State of Texas, in the event the District defaults in the observance or performance of any covenant in the Bond Resolution including payment when due of the principal of and interest on the Bonds, registered owners may apply for a writ of mandamus from a court of competent jurisdiction requiring the Board of Directors or other officers of the District to observe or perform such covenants. Such remedy might need to be enforced on a periodic basis. Based on recent Texas court decisions, it is unclear whether Section 49.066 of the Texas Water Code effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property or to pay the principal of and interest on the Bonds. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity which permit the exercise of judicial discretion.

The Bond Resolution provides no additional remedies to a registered owner. Specifically, the Bond Resolution does not provide for an appointment of a trustee to protect and enforce the interests of the registered owners or for the acceleration of maturity of the Bonds upon the occurrence of a default in the District's obligations. Consequently, the remedy of mandamus is a remedy which may have to be enforced from year to year by the registered owners.

Under Texas law, no judgment obtained against the District may be enforced by execution of a levy against the District's public purpose property. The registered owners themselves cannot foreclose on property within the District or sell property within the District in order to pay principal of or interest on the Bonds. In addition, the enforceability of the rights and remedies of the registered owners may be limited by federal bankruptcy laws or other similar laws affecting the rights of creditors of political subdivisions. See "RISK FACTORS - Bankruptcy Limitation to Registered Owners' Rights".

Annexation

The District, at the time of its creation, was located within the corporate limits of the City of Austin. In 1995, the Texas Legislature enacted Section 43.203 of the Texas Local Government Code which allows a district, such as the District, upon petition to the City, to alter its status of the land within the district from full purpose annexation to limited purpose annexation. The District petitioned the City of Austin on September 20, 1997 requesting the land within the District be altered from full purpose annexation to limited purpose annexation. The City of Austin took no action on such petition. Pursuant to the statute, after 90 days from the date of the filing of the petition, the District was changed from full purpose annexation status to limited purpose annexation. In limited purpose annexed areas, a city may regulate for purposes of planning, zoning, health and safety, but may not impose ad valorem taxes. The alteration of the annexation to limited purpose remains in effect for ten years, beginning January 1 of the year following the date of the submission of the petition, unless the voters of the District have approved dissolution through an election. At the expiration of the ten year period, the District may be restored to full purpose annexation at the option of the City, if the City agrees to assume all obligations of the District that would normally be assumed upon annexation and dissolution of a district under Texas law. See “THE DISTRICT – City of Austin Consent Agreement.”

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 drainage 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.

Alteration of Boundaries

In certain circumstances under State law the District may, upon satisfying certain conditions, alter its boundaries to: 1) annex additional territory; and 2) exclude land subject to taxation within the District that is not served by District facilities. 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 Resolution

The District may, without the consent of or notice to any registered owners, amend the Bond Resolution 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 Resolution, 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 and interest on the Bonds, or (ii) 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.

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC will act initially 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 in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTC 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 companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. 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 and www.dtc.org.

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 or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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 the 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, 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 the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds 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, Bonds will be printed and delivered in accordance with the Bond Resolution.

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

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.

USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance the District's share of the following projects: (i) Stoney Ridge Phase B North detention pond; and (ii) water distribution, wastewater collection, and storm drainage facilities to serve Stoney Ridge Phase B, Section 2.

Additionally, bond proceeds will be used to pay : i) engineering fees associated with a portion of the above construction projects; ii) developer interest accrued on a portion of the above projects; iii) approximately twenty-four months of capitalized interest; and iv) certain costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds are set forth below. Of the proceeds to be received from the sale of the Bonds, \$1,337,238 is estimated to be required for construction costs, and \$662,762 is estimated to be required for non-construction costs, including \$260,000 of capitalized interest (approximately twenty-four months of interest at 6.50%).

Construction Costs	District Share
A. Developer Contribution Items	
1. Stoney Ridge Phase B, North Pond - Detention	\$ 593,094
2. Stoney Ridge Phase B, Section 2 – W, WW & Dr	655,180
3. Engineering (15% of item 1)	<u>88,964</u>
Total Developer Contribution Items	\$ 1,337,238
B. District Items	
N/A	<u>\$ -</u>
Total District Items	\$ -
Total Construction Costs	\$ 1,337,238
Non-Construction Costs	
A. Legal Fees (3%)	\$ 60,000
B. Fiscal Agent Fees (2%)	40,000
C. Interest Costs	
1. Capitalized Interest (24 months @ 6.50%)	260,000
2. Developer Interest	174,762
D. Bond Discount (3%)	60,000
E. Bond Issuance Expenses	25,000
F. Bond Application Report Costs	36,000
G. Attorney General Fee (.10%)	2,000
H. TCEQ Fee (.25% of BIR + \$500)	<u>5,500</u>
Total Non-Construction Costs	\$ 662,762
TOTAL BOND ISSUE REQUIREMENT	\$ 2,000,000

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the State; Travis County, Texas; the City; or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See "THE BONDS - Source of and Security for Payment". The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by 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 property within the District will occur or that the development in the District will maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See "Registered Owners' Remedies" below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors, Interest Rates, Credit Availability and Residential Foreclosures... A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for and taxable value of residences. Demand for lots and residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the economic prosperity and demographic characteristics of the urban centers 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 existing values.

Interest rates and the availability of credit, including mortgage and development funding, have a direct impact on the construction activity, particularly short-term interest rates at which the Developer and homebuilders are able to obtain financing for development and construction costs. As a result of increasing foreclosure activity, potential adverse impact on assessed valuations and a general tightening of credit that has resulted, lenders have increase lending requirements for both single family mortgage lending and real estate development lending. Additionally, lenders have been selective in recent years in making real estate development loans in the Austin area because of the negative impact to their real estate portfolios. Interest rate levels and the general availability of credit may affect the ability of a landowner with undeveloped property to undertake and complete development activities within the District and the ability of potential homeowners to purchase homes. 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 15 miles from 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 economics.

Competition... The demand for single-family homes in the District could be affected by competition from other residential developments including other residential developments located in other utility districts located near the District. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to downtown Austin that are for sale. Such homes could represent additional competition for homes proposed to be sold within the District.

In recent months, deteriorating economic conditions and disruption in the housing market has led to a significant number of foreclosures on single-family homes in the Central Texas area market. In the District, there have been 7 foreclosures on single family homes in 2010. No assurance can be given whether the number of foreclosures will increase or that market conditions will improve.

***National Economy:* Nationally, there has been a significant downturn in new housing construction due to the lack of liquidity and other factors, resulting in a decline in housing market values. The ability of individuals to qualify for a mortgage as well as the general reduction in mortgage availability has also decreased housing sales. The Austin area, including the District, has experienced reduced levels of home construction and home sales activity. The District cannot predict what impact, if any, a continued downturn in the national housing and financial markets may have on the Central Texas market and 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 building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Developer under No Obligation to the District: There is no commitment from, or obligation of, any developer to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District, 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 developer and the other principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such financial conditions may have on their ability to pay taxes. See "THE DEVELOPER" and "TAX DATA – Principal Taxpayers."

Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of the District property owners to pay their taxes. The 2010 Certified Assessed Valuation is \$70,592,034 and the Estimated Assessed Valuation as of January 15, 2011 is \$73,647,873 (see "FINANCIAL STATEMENT"). After issuance of the Bonds, the Projected Maximum Annual Debt Service Requirement will be \$640,356 (2012) and the Projected Average Annual Debt Service Requirement will be \$575,221 (2012 through 2027). Based upon the 2010 Certified Assessed Valuation of \$70,592,034, a tax rate of \$0.96/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Projected Maximum Annual Debt Service Requirement of \$640,356, and a tax rate of \$0.86/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Projected Average Annual Debt Service Requirement of \$575,221. Based upon the Estimated Assessed Valuation as of January 15, 2011 of \$73,647,873, a tax rate of \$0.92/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Projected Maximum Annual Debt Service Requirement of \$640,356, and a tax rate of \$0.83/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Projected Average Annual Debt Service Requirement of \$575,221. See "PROJECTED DEBT SERVICE REQUIREMENTS" and "TAX DATA – Tax Adequacy for Debt Service."

Tax Collections

The District has a right to seek judicial foreclosure on a tax lien, but such remedy may prove to be costly and time consuming and, since the future market or resale market, if any, of the taxable real property within the District is uncertain, there can be no assurance that such property could be sold and delinquent taxes paid. Additionally, the District's tax lien is on a parity with the liens of all other State and local taxing authorities on the property against which the taxes are levied. Registered owners are entitled under Texas law to a writ of mandamus to compel the District to perform its obligations. Such remedy would have to be exercised upon each separate default and may prove costly, time consuming and difficult to enforce. Furthermore, there is no trust indenture or trustee, and all legal actions would have to be taken on the initiative of, and be financed by, registered owners to enforce such remedies. The rights and remedies of the registered owners and the enforceability of the Bonds may also be limited by bankruptcy, reorganization and other similar laws affecting the enforcement of creditors' rights generally.

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Such remedy might need to be enforced on a periodic basis. Based on recent Texas court decisions, it is unclear whether Section 49.066 of the Texas Water Code effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property or to pay the principal of and interest on the Bonds. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity which permit the exercise of judicial discretion. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interest of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the registered owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

Bankruptcy Limitation to Registered Owners' Rights

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

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

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 a registered owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the registered owner's claim against a district.

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, attorneys 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.

Marketability

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

Continuing Compliance with Certain Covenants

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

Future Debt

The District reserves in the Bond Order the right to issue the remaining \$23,905,000 authorized but unissued bonds See "FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized but Unissued", and such additional bonds as may hereafter be approved by both the Board of Directors, the City of Austin and voters of the District. The District has also reserved the right to issue certain other additional bonds, revenue bonds or notes, special project bonds, refunding bonds, and other obligations described in the Bond Order. All of the remaining \$23,905,000 bonds which have heretofore been authorized by the voters of the District may be issued by the District, with the approval of City of Austin and the TCEQ, from time to time as improvement needs arise. If the District does issue future bonds or other debt obligations, such issuance could increase gross debt/property valuation ratios and might adversely affect the investment security of the Bonds.

After reimbursements made with proceeds from the Bonds, there will be approximately \$ [REDACTED] currently owed to the developer for the development of the utilities within the District (see "THE DISTRICT - Historical and Current Status of Development"). The District does not anticipate the issuance of the full principal amount of authorized but unissued bonds (\$23,905,000) but is legally authorized to do so upon the approval of the TCEQ, the City of Austin and the Board of Directors. Each future issue of bonds is intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the District (assuming projected increases in the value of taxable property made at the time of issuance of the bonds are accurate). The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of additional bonds which it may issue. The issuance of additional bonds is subject to approval by the

Commission 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".

Governmental Approval

As required by law, engineering plans, specifications and an estimate of construction costs for the facilities and services to be purchased or constructed by the District with the proceed 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 dated June 24, 2010. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery. Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

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.

Tax Exempt Property – Strategic Housing Finance Corporation of Travis County

Within the District there is the potential for property to be owned 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. As of [REDACTED], 2011, there is [REDACTED] home with an aggregate 2010 tax year appraised value of \$[REDACTED] within the District that is owned by SHFC and has been removed from the tax rolls. It is not known when, or if, these properties may be added back to the tax rolls of the District. 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.

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LOCATION MAP

THE DISTRICT

General

The District was created by order of the Texas Water Commission, predecessor to the TCEQ, adopted on June 17, 1987, and a confirmation election held within the District on November 3, 1987, and operates as a municipal utility district pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of the State of Texas applicable to municipal utility districts. The District is subject to the continuing supervision of the TCEQ and is located entirely within the limited purpose jurisdiction of the City of Austin. (See "THE BONDS - Source of Payment and Security for Payment").

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 District may also provide park and recreational facilities and solid waste disposal services. If approved by the voters and the TCEQ, the District may establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts and provide such facilities and services to the customers of the District. Effective September 13, 2003, Article XVI, Section 59 of the Texas Constitution and Chapter 49 of the Water Code were amended to authorize certain districts, such as the District, to issue bonds, subject to voter approval and the approval of the TCEQ and the City of Austin, payable from ad valorem taxes to pay for the development and maintenance of park and recreational facilities. The District has not called an election to authorize bonds for such purpose but may consider doing so in the future. See "THE BONDS – Issuance of Additional Debt".

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation of the District from the City of Austin, within whose extraterritorial jurisdiction the property comprising the proposal was located at the time the consent was requested, the District is required to observe certain requirements of the City of Austin which limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities; require approval by the City of Austin of District construction plans; and permit connections only to single-family lots and commercial or multi-family commercial platted reserves which have been approved by the Planning Commission of the City of Austin. Construction and operation of the District's utility system ("System") is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM."

Management of the District

Board of Directors

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

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>	<u>Term Expires May</u>
Charles H. Scott	President	17 Years	2012
Ann Carroll	Vice-President	13 Years	2014
Michelle Bolin	Secretary	8-1/2 Years	2014
Gregory D. Schroen	Treasurer	14 Years	2012
John Foradory	Assistant Secretary/Treasurer	■ Years	2012

Consultants

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Travis Central Appraisal District. The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Travis County Tax Assessor/Collector, Ms. Nelda Wells Spears, currently serves the District in this capacity under contract.

Operator

The District contracts with Crossroads Utility Services ("Crossroads") to serve as Operator for the District. Crossroads serves in a similar capacity for 28 other special districts in the Austin metropolitan area.

Engineer

The District's consulting engineer is Schroeder Engineering Company (the "Engineer"). Such firm serves as consulting engineer to eleven other special districts.

Bookkeeper

Municipal Accounts & Consulting L.P. acts as bookkeeper for the District and currently performs similar services for approximately 250 other special districts.

Financial Advisor

Southwest Securities serves as the District's financial advisor (the "Financial Advisor"). The Financial Advisor's fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor has been authorized through a resolution of the Board to submit a bid for the purchase of the Bonds.

Bond Counsel and Disclosure Counsel

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

General Counsel

The District employs Armbrust & Brown, PLLC ("A&B") as general counsel. Fees paid to A&B for work related to the issuance of the Bonds are contingent upon the sale of the Bonds.

Location

The District is located in Travis County approximately eight miles south-southeast of Austin's central business district and is situated approximately 1.5 miles south of Austin Bergstrom International Airport. The District is comprised of approximately 838.48 acres. Access to the District is provided by Interstate Highway 35 and Burleson Road via Elroy Road.

Historical and Current Status of Development

The District was created by the Texas Water Commission predecessor to the Texas Commission on Environmental Quality, on June 7, 1987 upon petition by Moore's Crossing Joint Venture ("Moore's Crossing J.V."), the original developer and owner of all land within the District. The District was originally created as an in-city municipal utility district (i.e., inside the city limits of the City of Austin). In 1986 and 1987, Moore's Crossing J.V. constructed certain regional water and wastewater facilities and developed Sections 1 (115 lots) and 2 (43 lots) within the District with water, wastewater and drainage facilities; however, underground utilities and street paving were incomplete and no houses were constructed. Moore's Crossing J.V. subsequently defaulted on their development loan from University Savings which was later taken over by the Resolution Trust Corporation ("RTC"). All development activity within the District ceased from 1987 until 1993. In April 1993, MC Joint Venture purchased approximately 804 acres within the District from the RTC. MC Joint Venture is comprised of William Geo. Gurasich, individually, and BC Partnership, a Texas general partnership, comprised of two individuals, William Chambers and Timothy Chambers. In early 1993, the City of Austin announced plans to move the municipal airport from Robert Mueller to the former site of the Bergstrom Air Force Base located near the District. MC Joint Venture delayed any development activity within the District until the Federal Aviation Administration ("FAA") announced the noise control zone and flight path. In August, 1994 and April, 1996 the land included in Section 1 (28.7 acres) and an additional 179 acres was sold by MC Joint Venture to SR Development, a Subchapter S Texas Corporation with William Geo. Gurasich as the sole director and President.

In January 1996, the Board of Directors of the District voted to be deannexed from the city limits of the City of Austin pursuant to the provisions of SB 1396 passed by the 72nd Texas Legislature in 1995.

In late 1995 and early 1996, development within the District was reinstituted by SR Development and utilities and street paving were completed in Phase A, Sections 1 (115 lots) and 2 (43 lots). In the years 1998 thru 2004, Phase A, Sections 3A (54 lots), 3B (50 lots), 3C (40 lots), 5A (62 lots), 5B (72 lots) and Section 6 (58 lots) were developed by SR Development as part of the subdivision Stoney Ridge. In January 1998, MC Joint Venture sold approximately 17 acres to Del Valle Independent School District for an elementary school, the approximate 17 acre school site was annexed into the District on May 7, 1998, and the elementary school opened in the fall of 1999. In the years 2005 thru 2006, SR Development completed the development of Phase B, Section 1 (175 lots) in the years 2005 thru 2006 and Phase B, Section (144 lots) in the years 2007 thru 2008, all further part of the subdivision Stoney Ridge.

In 2008 thru 2009, SR Development entered into a construction participation agreement with Travis County, Texas ("Travis County CIP Contract #07K00315LP") to construct segments 1, 2, and 3 of Elroy and Ross Roads. The project was completed in March 2010. Total cost of the project, including engineering, was \$2,420,000, of which \$750,000 is reimbursable to SR Development from future bond proceeds.

SR Development has stated that the remaining single family acreage within the District is expected to be developed as follows: Phase C, Section 1 (approximately 28 acres, 142 lots); Phase D, Section 1 (46.6 acres, 250 lots); Phase D, Section 2 (46.6 acres, 250 lots); and Phase D, Section 3 (46.6 acres; 250 lots). The District makes no representation that any further development will occur within the District or that any

further development within the District will be consistent with existing development with the District. See “THE DISTRICT – Future Development.”

Of the total 838.48 acres in the District, approximately 11 acres are zoned for commercial development, of which approximately 2 acres were sold in 2010 by SR Development for the development of a 10,000 square foot retail center anchored by a gas station and a neighborhood grocery or restaurants.

In 2008, TSWG 130, L.L.C. (“TSWG”), was formed by William Geo. Gurasich and Tim Chambers, to purchase approximately 36 acres, known as the Linda Vista tract, zoned for limited purpose. The Linda Vista tract was annexed into the District in 2009, thus, the total acreage in the District increased to 838.48 acres.

The following chart illustrates the number of homes built per year since 1995.

Calendar Year	No. of Single-Family Homes Constructed
1995	20
1996	85
1997	43
1998	47
1999	54
2000	38
2001	71
2002	2
2003	62
2004	30
2005	64
2006	65
2007	64
2008	25
2009	25
2010	<u>35</u>
Total	730

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Single Family Development

The chart below reflects the status of single family development as of January 15, 2011.

		Single Family				
		Net	Platted	Completed	Homes Under	Vacant
		Acreage	Lots	Homes	Construction	Lots
A. Developed with Utility Facilities						
	Moore’s Crossing	28.7	115	115	-	-
	Stoney Ridge, Phase A					
	Section 2	11.3	43	43	-	-
	Section 3A	12.1	54	54	-	-
	Section 3B	12.2	50	50	-	-
	Section 3C	9.9	40	40	-	-
	Section 5A	12.4	62	62	-	-
	Section 5B	14.2	72	56	-	16
	Section 6	12.5	58	58	-	-
	Stoney Ridge, Phase B				-	
	Section 1	35.4	175	175	-	-
	Section 2	26.6	144	77	-	67
	Total Developed with Utilities	175.30	813	730	-	83
B. Sections Currently Under Construction						
	None	-	-	-	-	-
C. Total Developed with Utilities or Under Construction		175.30	813	730	-	83
D. Remaining Developable Acreage		453.30				
E. Del Valle ISD Elementary School		17.10				
Total Developable Acreage		645.70				
F. Undevelopable Acreage (a)		145.78				
G. Commercial Acreage						
i.	Linda Vista Tract	36.00				
ii.	Other	11.00				
Total Commercial Acreage		47.00				
Total		838.48				

(a) Includes approximately 7.0 acres for community housing, 20.0 acres for parks, 6.0 acres for emergency medical station, 5.6 acres for water storage tank and 109.10 acres for flood plain and conservation.

Development of Surrounding Areas

Below is information provided by SR Development regarding the development surrounding the District. The District makes no representation regarding the surrounding development, nor that any further development surrounding the District will be consistent with existing surrounding development.

Texas State Highway 130

The new Texas State Highway 130 (SH 130) is a tollway that currently runs from Interstate 35 in the city of Georgetown, north of the city of Austin ("Austin"), and rejoins Interstate 35 south of Austin near the city of Buda. This section of the roadway is operational. Construction of the SH 130 extension is underway and will run from the junction of SH 130, Hwy 183 and SH 45, south to the city of Seguin at Interstate 10. It is expected to open in 2012. SH 130 parallels I-35 east of Austin and is intended to relieve the Interstate's traffic volume through the cities of San Antonio-Austin corridor by serving as an alternate route. When completed it will span 89 miles and is expected to cost \$2.8 billion. Initially a four-lane highway and expandable to six lanes, SH 130 was developed in response to the surge in truck traffic on the I-35 corridor as a result of the North American Free Trade Agreement during the late 1990s. In the vicinity of the District, SH 130 Diamond interchanges are in place for Texas State Highway 71, Elroy Road, FM 812 and US Route 183. Elroy Road, the main thoroughfare bisecting the District, is four to six lanes with a divided median. SR Development and Travis County jointly paid for this improvement.

Austin-Bergstrom International Airport

Austin-Bergstrom International Airport ("Austin-Bergstrom"), whose public entrance is four miles from the District on Hwy 71, has service to nearly 3,000 destinations worldwide. Austin-Bergstrom served 8.7 million passengers in 2010 and is ranked the third best airport of any size in North America and fifth world-wide among airports its size, according to ACI and ASQ surveys. The terminal measures 660,000 square feet with a total of 25 gates. Inside the terminal, concessions are leased to local restaurants and a live music stage showcases local musicians. The terminal is connected to a parking garage and surface parking with a total of 10,152 spaces. Passengers are further served by SuperShuttle shared-ride door-to-door service, Capital Metro local bus service, Taxicab and limousine service. Recent statistics indicate a surge in deplaning passengers attributable to Austin's growth in business activity. Austin-Bergstrom has more than 300 Department of Aviation employees and more than 3,000 employees of airlines, FAA, cargo, rental cars, concessions, parking, and Federal Inspection Services. Future expansion to Austin-Bergstrom includes a civilian commercial aviation Terminal II at the southern boundary with an entry on Burleson Road.

Armed Forces Reserve Training Center

A \$41.5 million government contract has been awarded to build an armed forces training and vehicle maintenance facility on 60 acres at Austin-Bergstrom. The training center is located approximately one mile from the District, on Emma Browning Avenue, the future entrance to Austin-Bergstrom's civilian aviation Terminal II. The Armed Forces Reserve Center and Joint Vehicle Maintenance Facility will serve as a home base for Central Texas members of the Texas Army National Guard, the Army Reserve and the Marine Corps Reserve. About 1,200 members of the military will use the facility. The project includes a 209,000-square-foot building with classrooms, assembly halls, a commercial kitchen and storage, including arms vaults. The separate vehicle maintenance facility will be about 45,830 square feet. Completion is scheduled for June, 2012.

Formula-1 Race Track and Events Center

Formula One World Championship Limited and Formula One Administration Limited (together, the F1 Commercial Rights Holder) and Full Throttle Productions, LP, promoter of the Formula 1 United States Grand Prix™ have announced a historic agreement for Austin to serve as the host city of the Formula 1 United States Grand Prix™ for years 2012 through 2021. The F1 project is located on 1000+ acres adjacent to the District's southern perimeter. Construction has commenced. According to a report commissioned by F1 officials, the construction project will cost as much as \$242 million and create as many as 2,000 direct jobs between 2011 and 2012. When operational, the facility is estimated to generate as much as \$400 million in regional economic activity annually. Other events planned for the F1 facility include F2 and F3 races, Moto GP, Austin City Limits music festival and South by Southwest Music, Film & Interactive Conference and Festival.

Planned mixed-use developments in the area of the District

Mixed-use developments are planned on more than 6,000 acres near the District and include more than 20,000 homes, townhomes, condominiums and apartments, combined with office, retail and school sites. Current development plans under review are expected to build out over 15 to 20 years.

Future Development

The remaining approximately 453.30 undeveloped but developable acres are planned for additional single family, multifamily, industrial or retail development use. The instigation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, the general and other economic conditions which would affect any party's ability to sell lots and/or other property and of any home builder to sell completed homes as described in this Official Statement under the caption "RISK FACTORS." If the undeveloped portion of the District is eventually developed, additions to the water, wastewater, and drainage systems required to service such undeveloped acreage may be financed by future issues, if any, of the District's bonds and developer contributions, if any, as required by the TCEQ. The District's Engineer estimates that the \$23,905,000 remaining principal amount of voted water, wastewater, and drainage bonds which are authorized to be issued should be sufficient to reimburse the Developer for the existing utility facilities and provide utility service to the remaining undeveloped but potentially developable acres within the District. See "THE BONDS - Issuance of Additional Debt." The Developer is under no obligation to complete any development, if begun, and may modify or discontinue development plans in its sole discretion. Accordingly, the District makes no representation that future development will occur.

City of Austin Consent Agreement

Under state law the City of Austin is required to give its consent to the creation of the District. The vehicle for this consent is an ordinance passed by the City Council of the City of Austin, which includes the "Creation Agreement." The following is a summary of certain terms and conditions of the Creation Agreement (hereinafter defined), but it is not a complete description and is qualified by reference to the Creation Agreement, copies of which are available from the District.

By Passage of Ordinance No. 860206-N, the City of Austin granted its consent to the creation of the District. In the Creation Agreement, as amended, the District agreed to issue bonds only for purposes approved by the City of Austin. In the Creation Agreement, the City of Austin has contracted to provide retail water and wastewater service to all of the customers within the District.

The Creation Agreement provides that each developer will serve as project manager for the construction of the facilities constituting the District's utility system and which are being funded by such developer. All of such facilities will be reviewed and approved by the appropriate state agencies and the City of Austin prior to construction.

The District agrees that it will not serve customers outside of its boundaries and that it will not annex additional land into the District without the prior approval of the City of Austin. The Creation Agreement also provides that the City of Austin shall not be liable for the failure to provide water and wastewater service where that failure results from conditions beyond the City of Austin's control. In addition, the City of Austin has the right to limit service to the District on the same basis and to the same extent that it limits service to other customers.

The District and the City have agreed that the City may annex and dissolve the District after 20 years from the date of confirmation of creation of the District. The District was confirmed on November 3, 1987. The City also retained the ability to annex and dissolve the District if at least 90% by dollar amount of the District facilities have not been constructed within 15 years from the date of confirmation of the District creation; provided, however, if construction of District facilities is underway, annexation may be postponed until construction is completed and the purchase of the facilities is accomplished.

The Creation Agreement further provides that MC Joint Venture and its successor and assigns must dedicate two separate tracts of five acres each to be used for City-sponsored low to moderate income, owner occupied housing. Additionally, MC Joint Venture has agreed in the Creation Agreement to guarantee that 20% of the single family lots it develops will be sold at or below \$13,760 subject to certain cost adjustments.

The District and the City of Austin have agreed to certain land use controls, including land use and density limitations for property located within the boundaries of the District. Prior to development, the land in the District must be subdivided in accordance with state law and City of Austin ordinances. The Creation Agreement is for a term not to exceed 40 years.

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer within a utility district, such as the District, include purchasing land within the future district, petitioning for creation of the district, designing the development, defining a marketing program, planning building schedules, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities) pursuant to the rules of the TCEQ, and selling improved lots or commercial reserves to builders, other developers or third parties. Ordinarily, the developer pays one hundred percent (100%) of the costs of paving and amenity design and construction while the utility district finances the costs of the water supply and distribution, wastewater collection and drainage facilities. While a landowner or developer is required by the TCEQ to pave streets and pay for its allocable portion of the costs of utilities to be financed by the district through a specific bond issue, if any, a developer is generally under no obligation to a district to undertake development activities with respect to other property it owns within a district. 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 the developer to perform such activities in development of the property within the utility district may have a profound effect on the security for bonds issued by a district.

Description of the Developer

The owner of the property within the District which is undeveloped or under development is SR Development, a Subchapter S Texas Corporation with William Gurasich as the sole director and President, MC Joint Venture comprised of William Gurasich, individually and BC Partnership, a Texas general partnership, comprised of William Chambers and Timothy Chambers, individually, and TWSG130, a general partnership, composed of William Gurasich and Timothy Chambers, individually.

In April 1993, MC Joint Venture purchased approximately 784 acres from the RTC which included all undeveloped property, Sections 1 and 2 which were partially developed along with certain regional water and wastewater facilities. In August, 1994 and April, 1996 the land included in Section 1 and an additional 179 acres, consisting of the majority of Phase A of the Stoney Ridge subdivision, were sold by MC Joint Venture to SR Development. As of October 1, 2003, MC Joint Venture owned 456 net developable acres within the District a portion of which were under an agricultural exemption and approximately 75 acres were owned by SR Development.

In December, 2003, MC Joint Venture sold to SR Development the land comprised of Phase B, Sections 1 and 2, Phase C and 64.50 acres at the corner of FM 973 and Elroy Roads. Phase B and Phase C were platted for 459 residential lots while the 65.40 acre corner was zoned general retail/commercial and light industrial.

In November 2009, TSWG130 purchased a 33 acre existing subdivision of 46 half acre lots on the southern boundary of the 65.40 acre corner parcel at FM 973 and Elroy Roads, locally known as Linda Vista Subdivision, from the City of Austin. The property was zoned general retail/commercial and light industrial/commercial and annexed into the District.

In March 2011, MC Joint Venture sold all of the property remaining at the four corner intersection of Ross and Elroy Roads, totaling 54 net acres zoned multifamily-2, local retail and general retail, to SR Development. As of March 2011, MC Joint Venture owns ____ acres, SR Development owns ____ acres and TSWG130 owns ____ acres in the District. See "THE DISTRICT – Historical and Current Status of Development."

In 1998 Mr. Gurasich, the sole director and President of SR Development plead guilty to federal charges of conspiracy, mail fraud, false claims and money laundering in connection with alleged improper Medicare and Medicaid reimbursements received by a health care company for which Mr. Gurasich had served as a consultant, investor and 13% owner. Mr. Gurasich paid \$1,050,987 in restitution and a \$20,000 fine and was sentenced to 60 months probation. Mr. Gurasich's probation was terminated early effective April 6, 2003, after serving 36 months.

Financing

Acquisitions financing for MC Joint Venture was funded by cash. Acquisition financing for SR Development was funded through notes (the "Notes") from SR Development to MC Joint Venture and cash. The Notes mature November 2, 2009, April 23, 2009, and December 31, 2019, respectively, are subordinate to the development financing loan, described herein, and at April 1, 2011, had principal balances of \$4,221,075, \$4,640,940 and \$3,236,000, respectively. Security for the notes includes proceeds from the sale of lots, subdivided small parcels, customized corporate sales and all bond reimbursements.

According to the Developer, SR Development has four outstanding loans with First State Bank Central Texas related to the development of projects within the District. According to SR Development, the status of the four loans as of April 15, 2011 is as follows:

<u>Project</u>	<u>Amount of Loan</u>	<u>Amount Type Loan</u>	<u>Loan Due Outstanding</u>	<u>Date</u>	
1. Phase B, Section 2	\$2,550,000.00	Development Loan	\$ 280,569.23	4/30/2011	(a)
2. Phase B, Section 2	452,233.00	Line of Credit	99,4670.20	12/31/2011	(b)
3. Elroy Road, Section 1 & 2 Reconstruction	1,350,000.00	Loan	1,000,000.00	4/30/2011	(a)
4. Elroy Road, Section 3 / Ross Road	1,265,000.00	Loan	799,000.00	4/30/2011	(a)

(a) Original maturity date of August 30, 2011 extended to April 30, 2011.

(b) Original maturity date of _____ extended to December 31, 2011.

The Phase B, Section 2 development loan is secured by a note from SR Development and a Deed of Trust on Phase B, Section 2 for 48 remaining residential lots. The remaining development loans are secured by a note and a Deed of Trust on approximately 72.51 acres at the corner of FM 973 and Elroy Road and the bond reimbursements related to the wet pond and construction costs for Phase B, Section 2. According to SR Development, it is in compliance with all material terms and conditions of the loans.

SR Development has not obtained development loans for future sections and regional improvements, including Phase C (approximately 140 lots), the 18" wastewater lateral line connecting the current lift station with the 30" dry creek interceptor or the 18" gravity wastewater line that will serve all property within the District west of Texas 130 expressway.

Homebuilders

According to SR Development, as of January 15, 2011, the 16 remaining vacant lots in Phase A, Section 5B are under contract to Lxor Homes. Homes built by Lxor Homes range in price from \$____ to \$____ and in range in square footage from ____ to _____. The remaining vacant lots in Phase B, Section 2 are under contract to Lennar Homes. Homes built by Lxor Homes range in price from \$____ to \$____ and in range in square footage from ____ to _____.

THE SYSTEM

Regulation

The water, wastewater and storm drainage facilities (the "System"), the purchase, acquisition and construction of which will be permanently financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such

facilities, including, among others, the TCEQ and the City. According to the Engineer, the design of all such facilities has been approved by all governmental agencies which have authority over the District.

Operation of the waterworks and wastewater facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ.

Water Supply and Distribution

The District receives its entire potable water supply from Austin which, in turn, obtains water from three locations along the Colorado River. The primary source of potable water for the District is the City's Central Pressure Zone through the Moore's Crossing Transmission Main and Reservoir which is owned and operated by the City of Austin. The City has agreed to provide the District with water capacity sufficient to serve 3,955 living unit equivalents.

Wastewater Collection and Treatment

Wastewater treatment service for the District is provided by the City's South Austin Regional Wastewater Treatment Plant (the "Treatment Plant"). The Treatment Plant has a permitted capacity of 50 million gallons per day ("mgd") and has been sized to service the entire Slaughter Creek drainage area, in which the District is located, at ultimate development. Current flows through the Treatment Plant are approximately 33 mgd.

100-Year Flood Plain and Storm Drainage Information

According to the District's Engineer approximately 100 acres of undeveloped land within the District are located within the 100-year flood plain.

Water and Wastewater Operations – Table 1

Rate and Fee Schedule

District retail service responsibilities are handled by the City of Austin pursuant to the Consent Agreement. The City of Austin provides water and wastewater service to utility customers within the District and charges rates equal to the current rates set by the City of Austin for retail water and sewer service. Such rates are expected to be changed from time to time by the City. The City of Austin is responsible for maintaining and operating the System. Effective October 20, 1998, the District began collecting tap fees from builders, and as of August 11, 2005 the sanitary sewer and drainage tap fee is \$450.00 per Fee Unit for service to lots within the District.

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Operating Revenues and Expenses Statement – Table 2

The following statement sets forth in condensed form the historical operations of the District. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary has been prepared from information obtained from the District's financial statements and records.

	Fiscal Year Ended September 30, ^(a)			
	2010	2009	2008	2007
REVENUES				
Property Tax Revenues, including penalties	\$ 205,728	\$ 153,965	\$ 111,206	\$ 91,851
Tap Fees	17,100	6,750	11,700	20,250
Interest	1,398	1,399	3,615	6,699
Miscellaneous	<u>197</u>	<u>270</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	224,423	162,384	126,521	118,800
EXPENDITURES				
Repairs & Maintenance	\$ 6,344	\$ 22,039	\$ 10,873	\$ 6,104
Chemical	13,033	16,000	15,800	23,663
Utilities/Telephone	4,232	3,069	5,268	4,878
Security Light	8,758	9,488	7,988	8,198
Landscape expense	25,628	28,240	20,221	26,672
Director Fees and related payroll	9,366	9,689	7,913	8,074
Operations Fee	11,820	12,000	16,592	16,945
Bookkeeping	17,224	16,790	4,955	-
Legal Fees	29,003	23,948	20,962	18,224
Engineering Fees	5,620	4,478	5,482	6,616
Audit Fees	9,000	14,500	10,750	9,750
Tax appraisal/collection	1,251	976	700	560
Other consulting fees	499	387	1,843	334
Insurance	1,568	1,629	1,494	1,401
Contingency/Misc. Exp	<u>9,434</u>	<u>8,882</u>	<u>6,740</u>	<u>8,072</u>
TOTAL EXPENDITURES	152,780	172,115	137,581	139,491
EXCESS REVENUES	<u>71,643</u>	<u>(9,731)</u>	<u>(11,060)</u>	<u>(20,691)</u>
Plus / (Less) Fund Transfers	7,500	21,823	(21,823)	-
Fund Balance (Beginning of Year)	<u>63,417</u>	<u>51,325</u>	<u>84,208</u>	<u>104,899</u>
Fund Balance (End of Year)	<u>142,560</u>	<u>63,417</u>	<u>51,325</u>	<u>84,208</u>

(a) Audited.

PROJECTED DEBT SERVICE REQUIREMENTS - TABLE 3

MOORE'S CROSSING MUNICIPAL UTILITY DISTRICT

\$2,000,000

Unlimited Tax Bonds, Series 2011

Dated Date: June 1, 2011

First Interest Payment Due: March 1, 2012

Year Ending 31-Dec	Outstanding Debt			Series 2011				Principal and Interest	Projected Total Debt Service Requirements
	Principal (Due 9/01)	Interest (Due 3/1 & 9/1)	Principal and Interest	Principal (Due 9/01)	Interest*				
					(Due 3/01)	(Due 9/01)	Total		
2011	\$ 235,000	\$ 217,231	\$ 452,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452,231
2012	245,000	207,856	452,856	25,000	97,500	65,000	162,500	187,500	640,356
2013	250,000	197,769	447,769	25,000	64,188	64,188	128,375	153,375	601,144
2014	255,000	187,694	442,694	50,000	63,375	63,375	126,750	176,750	619,444
2015	265,000	177,119	442,119	50,000	61,750	61,750	123,500	173,500	615,619
2016	280,000	165,666	445,666	50,000	60,125	60,125	120,250	170,250	615,916
2017	300,000	153,210	453,210	50,000	58,500	58,500	117,000	167,000	620,210
2018	310,000	139,430	449,430	75,000	56,875	56,875	113,750	188,750	638,180
2019	215,000	124,986	339,986	75,000	54,438	54,438	108,875	183,875	523,861
2020	225,000	115,080	340,080	75,000	52,000	52,000	104,000	179,000	519,080
2021	235,000	104,488	339,488	100,000	49,563	49,563	99,125	199,125	538,613
2022	250,000	93,403	343,403	100,000	46,313	46,313	92,625	192,625	536,028
2023	265,000	81,583	346,583	100,000	43,063	43,063	86,125	186,125	532,708
2024	280,000	69,008	349,008	125,000	39,813	39,813	79,625	204,625	553,633
2025	295,000	55,725	350,725	125,000	35,750	35,750	71,500	196,500	547,225
2026	310,000	41,449	351,449	125,000	31,688	31,688	63,375	188,375	539,824
2027	330,000	26,450	356,450	150,000	27,625	27,625	55,250	205,250	561,700
2028	215,000	10,213	225,213	150,000	22,750	22,750	45,500	195,500	420,713
2029	-	-	-	175,000	17,875	17,875	35,750	210,750	210,750
2030	-	-	-	175,000	12,188	12,188	24,375	199,375	199,375
2031	-	-	-	200,000	6,500	6,500	13,000	213,000	213,000
	\$ 4,760,000	\$ 2,168,358	\$ 6,928,358	\$ 2,000,000	\$ 901,875	\$ 869,375	\$ 1,771,250	\$ 3,738,750	\$ 10,669,608

* Interest estimated at 6.50% solely for purpose of illustration.

FINANCIAL STATEMENT
(Unaudited as of [REDACTED], 2011)

Assessed Value – Table 4

2010 Certified Assessed Valuation	\$70,592,034 ^(a)
Estimated Assessed Valuation as of January 15, 2011	\$73,647,873 ^(b)
Gross Debt Outstanding (after issuance of the Bonds)	
District Debt	\$6,760,000 ^(c)
Ratio of Gross Debt to 2010 Certified Assessed Valuation.....	9.51%
Ratio of Gross Debt to Estimated Assessed Valuation as of January 15, 2011	9.18%
Debt Service Fund Balance as of January 18, 2011	\$490,234 ^(d)

Area of District: 838.48 acres
Estimated Population as of [REDACTED], 2011: [REDACTED] ^(e)

- (a) Assessed valuation of the District as of January 1, 2010, certified by the Travis Central Appraisal District ("TCAD"). See "TAXING PROCEDURES."
(b) As estimated by TCAD as of January 15, 2011 and is included solely for purposes of illustration. See "TAXING PROCEDURES."
(c) Includes the Bonds.
(d) Does not include approximately twenty-four months of capitalized interest which is projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing. Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund.
(e) Based upon 3.5 residents per completed and occupied single family home.

Unlimited Tax Bonds Authorized but Unissued - Table 5

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Authorized</u>	<u>Issued to Date</u>	<u>Unissued</u>
11/03/87	Water, Sanitary Sewer & Drainage	\$32,000,000	\$8,095,000 ^(a)	\$23,905,000
Total		<u>\$32,000,000</u>	<u>\$8,095,000</u>	<u>\$23,905,000</u>

- (a) Includes the Bonds.

Outstanding Bonds - Table 6

A. New Money Bonds

<u>Dated Date</u>	<u>Purpose</u>	<u>Original Series</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding after the issuance of the Bonds</u>
12/01/98	Water, Sewer & Drainage	1998	\$ 1,425,000	\$ -
12/01/03	Water, Sewer & Drainage	2003	1,670,000	1,390,000
06/01/05	Water, Sewer & Drainage	2005	3,000,000	2,565,000
06/01/11	Water, Sewer & Drainage	2011	2,000,000	2,000,000 ^(a)
	Subtotal		<u>\$ 8,095,000</u>	<u>\$ 5,955,000</u>

B. Refunding Bonds

03/01/04	Refunding	2004	\$ 1,324,999	\$ 805,000
	Subtotal		<u>\$ 1,324,999</u>	<u>\$ 805,000</u>
	Total		<u>\$ 9,419,999</u>	<u>\$ 6,760,000</u>

- (a) The Bonds.

Cash and Investment Balances (Unaudited as of January 18, 2011) - Table 7

General Fund	\$278,181
Debt Service Fund	490,234 ^(a)
Capital Projects Fund	199,969

(a) Does not include approximately twenty-four months of capitalized interest which is projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing. Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund.

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; (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) (a) certificates of deposit and share certificates issued by a depository institution that has its main office or a branch office in the State of Texas, that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund or their respective successors, or are secured as to principal by obligations described in clauses (1) through (6) above or in any other manner and amount provided by law for District deposits, and (b) certificates of deposit or share certificates issued by a depository institution that has its main office or a branch office in the State of Texas that participate in the Certificate of Deposit Account Registry Service (CDARS®); (8) 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 Texas; (9) 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 (6) 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 (6) above, clauses (11) through (13) below, 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 Texas; and (iv) the agreement to lend securities has a term of one year or less, (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 have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. Bond proceeds may additionally 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 in the next succeeding paragraph.

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 and the maximum average dollar-weighted maturity allowed for pooled fund groups. 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 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.

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.

Current Investments - Table 8

The District at January 18, 2011 is currently invested in Certificates of Deposit (\$325,000) and TexPool (\$628,969). This investment portfolio is generally representative of the District's investment practices. GASB Statement No. 3 requires the District to assign risk categories for its investments, except those in which securities are not used as evidence of the investment. Money Market Funds have not been assigned a risk category since the District has not issued securities, but rather it owns an undivided beneficial interest in the assets of the Money Market Fund. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District's audited financial statements.

Investment Value as of January 18, 2011	
Certificates of Deposit	\$325,000
TexPool	<u>628,969</u>
Total Investments	\$953,969

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Estimated Overlapping Debt Statement

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

Taxing Body	Gross Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	\$ 604,569,978	01/1/2011	0.074%	\$ 447,538
Del Valle Independent School District	173,905,000	01/1/2011	2.485%	4,320,956
Travis County Healthcare District	(a)	01/1/2011	0.000%	-
Travis County ESD No. 8	(a)	01/1/2011	0.000%	-
TOTAL ESTIMATED OVERLAPPING NET DEBT				<u>\$4,768,494</u>
The District	\$ 6,760,000 ^(b)	01/1/2011	100.00%	<u>\$ 6,760,000</u>
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				<u>\$ 11,528,494</u>
Ratio of Estimated and Overlapping Debt to 2010 Certified Assessed Valuation				16.33%
Ratio of Estimated and Overlapping Debt to Estimated Assessed Valuation as of January 15, 2011				15.65%

(a) Has no tax supported debt outstanding.

(b) Includes the Bonds.

Overlapping Taxes for 2010

Overlapping Entity	2010 Tax Rate Per	
	\$100 Assessed Valuation	Average Tax Bill ^(a)
Travis County	\$0.4658	\$ 456
Del Valle Independent School District	1.5300	1,498
Travis County Healthcare District	0.0719	70
Travis County ESD No. 8	0.1000	98
The District	<u>0.9100</u>	<u>891</u>
Total	<u>\$3.0777</u>	<u>\$ 3,014</u>

(a) Based upon the 2010 average single-family home value of \$97,928 as provided by TCAD.

TAX DATA

Classification of Assessed Valuation (a) - Table 9

Type Property	<u>2010</u>		<u>2009</u>		<u>2008</u>	
	Amount	%	Amount	%	Amount	%
Single Family	\$ 68,163,982	89.66%	\$ 82,096,641	90.88%	\$ 75,086,824	87.62%
Vacant Lots	723,969	0.95%	3,369	0.00%	214,727	0.25%
Acreage (Non-Ag)	409,277	0.54%	172,571	0.19%	262,231	0.31%
Acreage (Ag)	3,074,624	4.04%	3,264,143	3.61%	3,848,788	4.49%
Commercial Personal	32,306	0.04%	43,604	0.05%	47,783	0.06%
Utilities	10,830	0.01%	9,499	0.01%	10,000	0.01%
Farm & Ranch Improvements	170,514	0.22%	184,653	0.20%	184,653	0.22%
Residential Inventory	1,966,133	2.59%	2,741,220	3.03%	4,310,444	5.03%
Exempt Property	<u>1,474,234</u>	<u>1.94%</u>	<u>1,820,893</u>	<u>2.02%</u>	<u>1,728,554</u>	<u>2.02%</u>
Total	<u>\$ 76,025,869</u>	<u>100.00%</u>	<u>\$ 90,336,593</u>	<u>100.00%</u>	<u>\$ 85,694,004</u>	<u>100.00%</u>

(a) Reflects classification of assessed valuation as provided in the District's audited financial statements. Such value may differ from the original certified assessed valuation, and any supplements or adjustments thereto, as supplied by TCAD.

Tax Collections - Table 10

The following statement of tax collections reflects the historical tax collection experience of the District. Such summary has been prepared for inclusion herein based upon information from District audits and records of the District Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information. See "Classification of Assessed Valuation" above.

Tax Year	Adjusted Assessed Valuation	Tax Rate	Tax Levy	<u>Current Collections^(a)</u>		<u>Total Collections^(a)</u>		Fiscal Year Ending
				Amount	%	Amount	%	
1997	\$ 9,498,229	0.7300	69,337	68,694	99.07%	68,694	99.07%	09/30/98
1998	14,278,638	0.7300	104,235	101,565	97.44%	101,565	97.44%	09/30/99
1999	18,952,644	0.7300	138,354	137,582	99.44%	137,800	99.60%	09/30/00
2000	24,737,299	0.7300	180,581	178,882	99.06%	179,649	99.48%	09/30/01
2001	27,887,911	0.7300	203,581	203,581	100.00%	206,635	101.50%	09/30/02
2002	37,463,116	0.7300	273,481	273,481	100.00%	273,643	100.06%	09/30/03
2003	37,711,849	0.7300	275,296	273,897	99.49%	273,897	99.49%	09/30/04
2004	43,835,263	0.7300	319,997	318,219	99.44%	319,618	99.88%	09/30/05
2005	47,814,799	0.7300	349,048	348,688	99.90%	350,466	100.41%	09/30/06
2006	59,847,121	0.7300	436,884	432,474	98.99%	432,834	99.07%	09/30/07
2007	69,376,054	0.7595	526,911	524,513	99.54%	527,759	100.16%	09/30/08
2008	80,076,795	0.7595	609,854	600,957	98.54%	602,466	98.79%	09/30/09
2009	83,888,005	0.7595	637,130	635,344	99.72%	642,306	100.81%	09/30/10
2010	70,592,034	0.9100	642,388	538,796	83.87%	538,796	83.87%	09/30/11 ^(b)

(a) Audited.

(b) Unaudited. Reflects tax collections through December 31, 2010. Taxes are due January 30, 2011.

District Tax Rates - Table 11

Tax Rate per \$100 Assessed Valuation	2010	2009	2008	2007	2006	2005	2004
Debt Service	\$0.5939	\$0.5173	\$0.5662	\$0.6009	\$0.5759	\$0.5877	\$0.5560
Maintenance	<u>0.3161</u>	<u>0.2422</u>	<u>0.1933</u>	<u>0.1586</u>	<u>0.1541</u>	<u>0.1423</u>	<u>0.1740</u>
Total	<u>\$0.9100</u>	<u>\$0.7595</u>	<u>\$0.7595</u>	<u>\$0.7595</u>	<u>\$0.7300</u>	<u>\$0.7300</u>	<u>\$0.7300</u>

Debt Service Tax

The District's tax rate for debt service on the Bonds is legally unlimited as to rate or amount.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for planning, constructing, acquiring, maintaining, repairing or operating the District's improvements, if such maintenance tax is authorized by a vote of the District's electors. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds, and any tax bonds which may be issued in the future. At an election held on November 3, 1987, voters within the District authorized a maintenance tax not to exceed \$1.50/\$100 assessed valuation. As shown above under "District Tax Rates," the District levied a 2010 maintenance and operations tax of \$0.3161/\$100 assessed valuation.

Principal Taxpayers - Table 12

The following list of principal taxpayers was provided in the District's audited financial statements based on the 2010, 2009, and 2008 tax rolls of the District, which reflect ownership as of January 1, of each year shown.

Name	Type of Property	2010^(b)	2009^(c)	2008^(d)
S.R. Development, Inc.	Land and Improvements	\$ 2,961,713	\$ 2,450,441	\$ 4,227,390
Lennar Homes of Texas	Land and Improvements	840,141	381,691	767,067
Secretary of Housing & Urban Development	Land and Improvements	645,485	747,001	649,302
Wells Fargo Bank	Land and Improvements	184,637	(a)	(a)
M C Joint Venture	Land and Improvements	182,396	(a)	220,305
BAC Home Loans Servicing LP	Land and Improvements	182,078	(a)	(a)
Secretary of Veterans Affairs	Land and Improvements	(a)	339,414	(a)
Total		<u>\$ 4,996,450</u>	<u>\$ 3,918,547</u>	<u>\$ 5,864,064</u>
Percent of Assessed Valuation		7.08%	4.67%	7.32%

(a) Not a top taxpayer for respective year.

(b) Excludes approximately \$413,413 in value of principal taxpayers' property representing homes owned by individuals.

(c) Excludes approximately \$1,080,467 in value of principal taxpayers' property representing homes owned by individuals.

(d) Excludes approximately \$1,084,193 in value of principal taxpayers' property representing homes owned by individuals

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Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2010 Certified Assessed Valuation and the Estimated Assessed Valuation as of January 15, 2011, and utilize tax rates adequate to service the District's total projected debt service requirements, including the Bonds (at an estimated interest rate of 6.50% per annum). No available debt service funds are reflected in these computations. See "RISK FACTORS - Impact on District Tax Rates."

Projected Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2012 through 2027)	\$575,221
\$0.86 Tax Rate on 2010 Certified Assessed Valuation of \$70,592,034 @ 95% collections produces	\$576,737
\$0.83 Tax Rate on Estimated Assessed Valuation as of January 15, 2011 of \$73,647,873 @ 95% collections produces	\$580,713
Projected Maximum Annual Debt Service Requirements on the Bonds (2012)	\$640,356
\$0.96 Tax Rate on 2010 Certified Assessed Valuation of \$70,592,034 @ 95% collections produces	\$643,799
\$0.92 Tax Rate on Estimated Assessed Valuation as of January 15, 2011 of \$73,647,873 @ 95% collections produces	\$643,682

Debt Service Fund Management Index

Debt Service Requirements for year ending 12/31/11	\$452,231 ^(a)
Audited Debt Service Fund Balance as of 9/30/2010	\$142,751 ^(b)
Capitalized Interest	\$260,000 ^(c)
2010 Tax Levy @ 95% collections produces	<u>\$398,284 ^(d)</u>
Total Available for Debt Service	<u>\$801,035</u>

(a) Interest payments on the Bonds begin September 1, 2011.

(b) Audited debt service fund balance of as of September 30, 2010.

(c) Approximately twenty-four months of capitalized interest, projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing.

(d) The District levied a 2010 debt service tax rate of \$0.5939.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, their pro rata share of debt service on any contract tax bonds and any additional bonds or obligations payable from taxes which the District may hereafter issue (see "RISK FACTORS - 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 Texas law, the Board is also authorized to levy and collect an ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations, if authorized by its voters. See "TAX DATA – District Bond Tax Rate Limitation," and "TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

General... Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District is subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on the 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 of Texas 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 interests 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. Goods, wares, ores and merchandise (other than oil, gas, or petroleum products) that are acquired in or imported into the state and forwarded out of state within 175 days thereafter are also exempt. Property owned by a disabled veteran or by the spouse of certain children of a deceased disabled veteran or a veteran who died while on active duty is partially exempt to between \$5,000 and \$12,000 of assessed value depending upon the disability rating of the veteran. Also partially exempt, if approved by the Board or at an election called by the Board upon petition of at least 20% of the qualified voters who voted in the District's preceding election, are residence homesteads of certain persons who are disabled or at least 65 years old, not less than \$3,000 of appraised value or such higher amount as the Board or the District's voters may approve. The District's tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District.

Residential Homestead... The Board may exempt up to 20% of the market value of residential homesteads from ad valorem taxation. Such exemption would be in addition to any other applicable exemptions provided by law. However, if ad valorem taxes have previously been pledged for the payment of debt, then the Board may continue to levy and collect taxes against the exempted value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Tax Abatement... Travis County and the District may enter into tax abatement agreements with owners of real property within such zone. The tax abatement agreements may exempt from ad valorem taxation by the applicable taxing jurisdiction for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. To date, the District has not executed any abatement agreements.

Goods-in-Transit... Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax years 2008 and thereafter, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. The Tax Code provisions permit local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property. **The District has not taken action to tax goods-in-transit.**

Valuation of Property for Taxation

Generally, property in the District must be appraised by the TCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining 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. The chief appraiser uses the method he or she considers the most appropriate. Effective January 1, 2010, 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 considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property.

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 be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the TCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the TCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the TCAD or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the 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 TCAD 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 TCAD to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, 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 the collection functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the valuation of property within the District as of the preceding January 1. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. 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 of up to fifteen percent (15%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

Rollback of Operation and Maintenance Tax Rate

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

District's Rights In The Event Of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "FINANCIAL STATEMENT - Overlapping Taxes for 2010". 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 (a taxpayer may redeem residential homestead property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records other property may be redeemed by a taxpayer within 180 days of such filing) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "RISK FACTORS - Tax Collections and Foreclosure Remedies."

Effect of FIRREA on Tax Collections

FIRREA contains 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 FDIC when the FDIC is acting as the conservator or receiver of an insolvent financial institution. See "RISK FACTORS - The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District."

LEGAL MATTERS

Legal Opinions

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 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-Litigation Certificate

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

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.

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") interest on the Bonds (i) will be excludable from the "gross income" of the holders thereof for federal income tax purposes and (ii) will not be treated as a "preference item" in calculating the alternative minimum tax imposed on individuals and corporations under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code") and will not be includable in the adjusted current earnings of corporations under Section 56(g) of the Code for purposes of calculating the alternative minimum tax imposed on such corporations. 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 B -- Form of Bond Counsel 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 the 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 to 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 such 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 financed or refinanced with the proceeds of the Bond. 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 Bondholders 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 Bond, 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 are 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 (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 the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the 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 for 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 accumulated, 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 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 is 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 265(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 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 obligations, 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(a)(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 expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant 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 aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information to the Municipal Securities Rulemaking Board ("MSRB"). 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 certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 1 through 12 and in Appendix A. The District will update and provide this information within six months after the end of each fiscal year. The District will provide the updated information to 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, if it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 of each year unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Material Event Notices

The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds, if such event is material to a decision to purchase or sell Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (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 or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of registered owners; (8) Bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from 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 "Material Event Notices" 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 material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although 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 (i) 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 (ii) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this 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 only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance With Prior Undertakings

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

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Southwest Securities (the "Financial Advisor"), which firm was employed in 1997 as Financial Advisor to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds. The Financial Advisor has requested the right to bid on the Bonds, and the District has given its consent.

OFFICIAL STATEMENT

Preparation

The District has no employees but engages various professionals and consultants to assist the District in the day-to-day activities of the District. See "THE DISTRICT". The Board of Directors in its official capacity has relied upon the below mentioned experts and sources in the preparation of this Official Statement. The information in this Official Statement was compiled and edited by the Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from the following sources:

"THE DISTRICT - SR Development (the "Developer"), Schroeder Engineering Company (the "Engineer"); "THE DEVELOPER" - SR Development; "THE DISTRICT - City of Austin Consent Agreement" Armbrust & Brown, PLLC; "THE SYSTEM" - Engineer; "FINANCIAL STATEMENT" - Travis Central Appraisal District; "ESTIMATED OVERLAPPING DEBT STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" and "WATER AND SEWER OPERATIONS" - Audits, Records of the District and Tax Assessor/Collector; "MANAGEMENT" - District Directors; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; "THE BONDS," "TAXING PROCEDURES," and "TAX MATTERS" - McCall, Parkhurst & Horton L.L.P.

Consultants

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

The Engineer: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM," has been provided by Schroeder Engineering Company and has been included in reliance upon the authority of said firm in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the certified assessed valuation of property in the District and, in particular, such information contained in the section captioned "FINANCIAL STATEMENT," has been provided by the Travis Central Appraisal District, in reliance upon their authority in the field of appraising and tax assessing.

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 BONDS – Issuance of Additional Debt" (last two paragraphs), "THE DISTRICT – Historical and Current Status of Development" and "THE 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.

The information contained in this Official Statement relating to the District's financial statements, in particular, the information in Appendix A, 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 below. The obligation of the District to update or change the Official Statement will terminate on the 25th day after the date that 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 of Directors in its official capacity in reliance upon the consultants and sources listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, 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. All changes in the affairs of the District and other matters described in the Official Statement subsequent to the delivery of the Bonds and all information with respect to the resale of the Bonds shall not be the responsibility of the District.

Official Statement "Deemed Final"

For purposes of compliance with Rule 15c(2)-12 of the Securities Exchange Commission, this document, as the same may be supplemented or corrected by the District from time-to-time, may be treated as an Official Statement with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

The Official Statement, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "FINAL OFFICIAL STATEMENT" of the District with respect to the Bonds, as that term is defined in Rule 15c(2)-12.

Annual Audits

Under State Law, the District must keep its fiscal records in accordance with generally accepted accounting principles. It must also have its financial accounts and records audited by a certified or permitted public accountant within 120 days after the close of each fiscal year of the District, and must file each audit report with the TCEQ within 135 days after the close of the fiscal year. Copies of each audit report must also be filed in the office of the District. The District's fiscal records and audit reports are available for public inspection during regular business hours, and the District is required by law to provide a copy of the District's audit reports to any registered owner or other member of the public within a reasonable time on request, upon payment of charges prescribed by the Texas General Services Commission.

This Official Statement was approved by the Board of Directors of Moore's Crossing Municipal Utility District, as of the date shown on the first page hereof.

/s/

Charles H. Scott
President, Board of Directors

/s/

Michelle Bolin
Secretary, Board of Directors

PHOTOGRAPHS

The following photographs were taken in the District in [REDACTED] 2011. The homes and commercial establishments shown in the photographs are representative of the type of construction presently located within the District, and these photographs are presented solely to illustrate such construction. The District makes no representation that any additional construction such as that as illustrated in the following photographs will occur in the District. See "THE DISTRICT."

APPENDIX A
Audited Financial Statements

The information contained in this appendix has been excerpted from the audited financial statements of Moore's Crossing Municipal Utility District for the fiscal year ended September 30, 2010. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

APPENDIX B
Form of Bond Counsel Opinion

OFFICIAL NOTICE OF SALE

\$2,000,000

MOORE'S CROSSING MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Travis County, Texas)

UNLIMITED TAX BONDS, SERIES 2011

Bids Due: _____, 2011 at _____ A.M. C.S.T.

The Bonds are obligations solely of Moore's Crossing Municipal Utility District and are not obligations of the City of Austin, Texas; Travis County, Texas; the State of Texas or any entity other than the District.

THE DISTRICT IS EXPECTED TO DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

THE SALE

Bonds Offered for Sale at Competitive Bidding . . . Moore's Crossing Municipal Utility District (the "District") is offering for sale \$2,000,000 Unlimited Tax Bonds, Series 2011 (the "Bonds"). Bids may be submitted by either of three alternative procedures: (i) sealed written bids; (ii) electronic bids, or (iii) facsimile bids. Prospective bidders may select one of the three alternative bidding procedures in their sole discretion. Neither the District nor its Financial Advisor, Southwest Securities, assumes any responsibility or liability for a prospective bidding procedure.

The District and Southwest Securities assume no responsibility or liability with respect to any irregularities associated with the submission of electronic bids.

Southwest Securities will not be responsible for submitting any bids received after the deadline. For the purpose of determining compliance with any and all time deadlines set forth in this Official Notice of Sale, for all alternative bidding procedures, the official time shall be the time maintained only by the Parity Electronic Bid Submission System ("PARITY").

Procedure Number 1: Sealed, Written Bids Delivered in Person. . . . Sealed bids, plainly marked "Bid for Bonds," should be addressed to the "Board of Directors of Moore's Crossing Municipal Utility District", and if delivered in person, delivered to Cheryl Allen, Southwest Securities, 701 Brazos Street, Suite 400, Austin, Texas 78701, by **11:00A.M.**, C.S.T., on the date of the bid opening. All bids must be submitted on the "Official Bid Form" without alteration or interlineations. Copies of the Official Bid Form accompany the Preliminary Official Statement.

Procedure Number 2: Electronic Bidding Procedures. . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY between **10:00 A.M., C.S.T. and 11:00A.M., C.S.T.**, on the date of the bid opening.

Subscription to the i-Deal LLC's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid through PARITY. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

The District will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe to PARITY.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the District. Neither Southwest Securities nor the District shall be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facilities being the sole risk of the prospective bidder.

All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form. If any provisions of this Official Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Official Notice of Sale shall control.

For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the District, as described under "Basis of Award" below.

The District and Southwest Securities will not be responsible for submitting any bids received after the above deadlines.

Procedure Number 3: Bids by Facsimile . . . Bidders that choose to exercise the facsimile bidding options must submit their bid by facsimile on the date of the sale. Any bids received by facsimile will be attached to the signed Official Bid Form if previously submitted.

Facsimile bids to the attention of Cheryl Allen will be accepted at (512) 320-5865, between **10:00 A.M. and 11:00A.M.**, C.S.T on the date of the bid opening.

The District and Southwest Securities are not responsible if such facsimile number is busy or malfunctioning which prevents a bid or bids from being submitted on a timely basis. **The District and Southwest Securities will not be responsible for submitting any bids received after the above deadlines.** The District and Southwest Securities assume no responsibility or liability with respect to any irregularities associated with the submission of bids if the facsimile bid options are exercised.

Signed Official Bid Forms . . . The bidder whose bid is the winning bid in accordance with this Notice of Sale will be notified immediately and, if it has not previously done so, the winning bidder must submit a fax of a Signed Official Bid Form in connection with the sale by **11:30 A.M. C.D.S. T. on _____, _____, 2011** to Cheryl Allen, Southwest Securities, (512) 320-5865.

Place and Time of Bid Opening . . . The Board will publicly review bids for the purchase of the Bonds at the designated meeting place outside the boundaries of the District, at **Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701 at 12:00 Noon, C.S.T.**

Award of Bonds . . . The District will take action to award the Bonds or reject all bids promptly upon the opening of bids. Upon awarding the Bonds, the District will also adopt the resolution authorizing issuance of the Bonds (the "Bond Resolution") and will approve the Official Statement, which will be an amended form of the Preliminary Official Statement. Sale of the Bonds will be made subject to the terms, conditions and provisions of the Bond Resolution to which Bond Resolution reference is hereby made for all purposes. The District reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

Withdrawal of the Bids . . . Any bid may be withdrawn by an authorized representative of the bidder at any time prior to the time set for receipt of bids. Thereafter, all bids shall remain firm for three hours after the time for receipt of the bids. The award of or rejection of bids will occur within this time period.

Extension of Sale Date . . . The District reserves the right to extend the date and/or time for the receipt of bids by giving notice, by Bond Buyer Wire Service, and by posting a notice at the place established for receipt of bids, not later than 3:00 PM, C.S.T, on _____, _____, 2011, of the new date and time for receipt of bids. Such notice shall be considered an amendment to this Official Notice of Sale.

THE BONDS

Description of Bonds . . . The Bonds will be dated May 1, 2011 and interest on the Bonds will be payable September 1, 2011, and semiannually thereafter on March 1 and September 1 until maturity or earlier redemption, and will be calculated on the basis of a 360-day year 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/registrar for the Bonds is BOKF, N.A., dba Bank of Texas, Austin, Texas (the "Paying Agent").

The Bonds mature serially on September 1 in the years and amounts shown below.

Principal Amount	Year of Maturity	Principal Amount	Year of Maturity
\$ 25,000	2012	\$ 100,000	2022
25,000	2013	100,000	2023
50,000	2014	125,000	2024
50,000	2015	125,000	2025
50,000	2016	125,000	2026
50,000	2017	150,000	2027
75,000	2018	150,000	2028
75,000	2019	175,000	2029
75,000	2020	175,000	2030
100,000	2021	200,000	2031

The District reserves the right to redeem prior to maturity those Bonds maturing on September 1 in each of the years 2018 through 2031, both inclusive, in whole or from time to time in part on September 1, 2017, or any date thereafter, in integral multiples of \$5,000 at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the particular Bonds thereof shall be selected and designated by the District, and if less than all of the Bonds within a maturity are redeemed, the particular Bonds or portions thereof to be redeemed shall be selected by the Paying Agent by lot.

Bidders have the right to designate one or more maturity dates for the Bonds on or after September 1, 2024 as serial or term bonds. No maturity of any serial bond shall be scheduled to occur on or after the date of the first sinking fund installment on any term bond. No sinking fund installment with respect to any term bond shall be due on or prior to the date of the final maturity of any earlier maturity term bond. The

amount of term bonds, if any, maturing on each maturity date shall be equal to the sum of (1) the installment specified above for such maturity date and (2) the installments specified above preceding such date (and subsequent to any earlier final maturity date of another specified term bond, and the term bonds of such maturity shall be retired utilizing such installments and sinking fund installments at par plus accrued interest). If and to the extent the successful bidder specifies for the Bonds a maturity date or dates of September 1, 2023 and consecutive subsequent years, the District will issue such Bonds as serial bonds maturing on such date or dates in amounts in accordance with the foregoing respective schedules. The balance of such Bonds, if any, shall be issued as term bonds as designated by the successful bidder.

Successor Paying Agents . . . The Paying Agent may be removed from its duties as Paying Agent with or without cause by action of the Board of Directors of the District upon thirty (30) days notice to be effective at such time which will not disrupt orderly payment on the next principal or interest payment date, but no such removal shall become effective until a successor Paying Agent has accepted the duties of the Paying Agent by written instrument. Every Paying Agent appointed by the Board of Directors must be a competent and legally qualified bank, trust company, financial institution or other agency qualified to act as and perform the services as Paying Agent.

Source of Payment . . . The Bonds, when issued, will constitute valid and binding obligations of the District payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax levied against taxable property located within the District, without legal limitation as to rate or amount.

Other Terms and Covenants . . . Other terms of the Bonds and various covenants of the District contained in the Bond Resolution under which the Bonds are to be issued are described in the Preliminary Official Statement, to which reference is made for all purposes.

Book-Entry-Only System . . . The District intends to utilize the Book-Entry-Only System of The Depository Trust Company ("DTC"). See "BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.

Municipal Bond Ratings and Insurance . . . No application has been made to a rating service, nor is it expected that the District would have been successful in obtaining an investment grade rating had such application been made. Similarly, no application has been made to qualify the bonds for municipal bond insurance.

CONDITIONS OF SALE

Types of Bids and Interest Rates . . . The Bonds will be sold in one block, all or none, and no bid of less than 97% of par value plus accrued interest to the date of delivery will be considered. Bidders must specify the rate or rates of interest the Bonds will bear. The difference between the highest interest rate bid and the lowest interest rate bid shall not exceed 2%. Interest rates must be in multiples of 1/8th or 1/20th of 1%. Any number of interest rates and rate changes may be named, but graduating or declining interest rates within a maturity, split interest rates within a maturity, or supplemental or zero interest rates will not be acceptable.

Basis of Award . . . For the purpose of awarding sale of the Bonds, the total interest cost of each bid will be computed by determining, at the rate or rates specified, the total dollar value of all interest on the Bonds from the date thereof to their respective maturities and adding thereto the dollar amount of the discount bid, if any, or deducting therefrom the premium bid, if any. Subject to the right of the District to reject any or all bids, the Bonds will be awarded to the bidder whose bid, based on the above computation, produces the lowest interest cost to the District. In the event of mathematical discrepancies between the interest rates and the interest cost determined therefrom, as both appear on the "Official Bid Form," the bid will be determined solely from the interest rates shown on the "Official Bid Form."

Good Faith Deposit . . . Each bid must be accompanied by a Bank cashier's check payable to the order of "Moore's Crossing Municipal Utility District" in the amount of \$40,000 which is 2% of the par value of the Bonds. The check will be considered as a Good Faith Deposit, and the check of the successful bidder (the "Initial Purchaser") will be retained uncashed by the District until the Bonds are delivered. Upon payment for and delivery of the Bonds, the Good Faith Deposit will be returned to the Initial Purchaser uncashed. If the Initial Purchaser should fail or refuse to make payment for or accept delivery of the Bonds in accordance with its bid, then the check will be cashed and accepted by the District as full and complete liquidated damages. Such check may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which authorize its use as a Good Faith Deposit. The checks of the unsuccessful bidders will be returned immediately after bids are opened and sale of the Bonds has been awarded.

Financial Advisor's Reservation of Rights . . . The District's Financial Advisor, Southwest Securities, has requested the right to bid on the Bonds, and the District has given its consent.

OFFICIAL STATEMENT

By accepting the winning bid, the District agrees to the following representations and covenants to assist the Initial Purchaser in complying with Rule 15c2-12 of the Securities and Exchange Commission ("SEC").

Final Official Statement . . . The District has prepared the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but will not prepare any other document or version for such purpose except as described below. The District will be responsible for completing the Official Statement by inserting the interest rates bid, the purchase price bid, the ratings assigned to the Bonds (if not currently included) if applicable, the purchase of municipal bond insurance, if any, the initial public offering yields as set forth in the Official Bid Form, or otherwise supplied by the Initial Purchaser, and for preparing and inserting the final debt service schedule. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of SEC Rule 15c2-12(b)(1), except for the omission of the foregoing items. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the District represents the same to be complete as of such date, within the meaning of SEC Rule 15c2-12(e)(3). Notwithstanding the foregoing, the only representations concerning the absence of material misstatements or omissions from the Official Statement which are or will be made by the District are those described in the Official Statement under "OFFICIAL STATEMENT - Certification as to Official Statement."

Changes to 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 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 below. See "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS - Delivery." The obligation of the District to update or change the Official Statement will terminate on the 25th day after the date that 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 to 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.

Delivery of Official Statements . . . The District will furnish to the Initial Purchaser (and to each other participating underwriter of the Bonds, within the meaning of SEC Rule 15c2-12(a), designated by the Initial Purchaser), within seven (7) business days after the sale date, the aggregate number of Official Statements requested but not in excess of 250 copies. The District will also furnish to the Initial Purchaser a like number of any supplement or amendment prepared by the District for dissemination to potential purchasers of the Bonds as described above in "OFFICIAL STATEMENT - Changes to Official Statement During Underwriting Period" as well as such additional copies of the Official Statement or any supplement or amendment as the Initial Purchaser may request prior to the 25th day after the "end of the underwriting period" within the meaning of the Rule. The District will pay the expense of preparing up to 250 copies of the Official Statement and all copies of any supplement or amendment issued on or before the delivery date, but the Initial Purchaser must pay for all other copies of the Official Statement or any supplement or amendment thereto.

Rule G-36 Requirements . . . It is the responsibility of the Initial Purchaser to comply with the Municipal Securities Rule Making Board's Rule G-36 within the required time frame. The Initial Purchaser must send two copies of the "Official Statement" along with two complete Form G-36's to the appropriate address.

DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS

Delivery . . . The Bonds will be tendered to the Initial Purchaser as a single typewritten, photocopied or otherwise reproduced bond in fully registered form in the aggregate principal amount of \$2,000,000 payable in installments to the Initial Purchaser or its representative as designated in the Official Bid Form, manually signed by the President and Secretary of the Board of Directors, or executed by the facsimile signatures of the President and Secretary of the Board of Directors, and approved by the Attorney General of the State and registered and manually signed by the Comptroller of Public Accounts of the State of Texas. Initial delivery will be at the designated office for payment of the Paying Agent in Austin, Texas. Payment for the Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Initial Purchaser will be given five business days' notice of the time fixed for delivery of the Bonds. It is anticipated that initial delivery can be made on or about _____, 2011, and it is understood and agreed that the Initial Purchaser will accept delivery and make payment for the Bonds not later than 11:00a.m., C.S.T., on _____, 2011 or thereafter on the date the Bonds are tendered for delivery up to and including _____, 2011. If for any reason the District is unable to make delivery on or before _____, 2011, then the District shall immediately contact the Initial Purchaser and offer to allow the Initial Purchaser to extend his offer for an additional thirty (30) days. If the Initial Purchaser does not elect to extend their offer within five (5) business days thereafter, then the Good Faith Deposit will be returned, and both the District and the Initial Purchaser shall be relieved of any further obligation.

DTC Definitive Bonds . . . The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co. as the nominee for DTC. All reference herein and in the Official Statement to the bondholders or registered owners of the Bonds shall mean Cede & Co. and not the beneficial owners of the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry form in the denomination of \$5,000 principal amounts or any integral multiple thereof. Under certain limited circumstances, the District may determine to forego immobilization of the Bonds at DTC, or another securities depository, in which case, such beneficial interests would become exchangeable for definitive printed obligations of like principal amount.

CUSIP Numbers . . . It is anticipated that CUSIP identification numbers will be printed or otherwise reproduced on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice of Sale and the terms of the Official Bid Form. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the District. However, the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the Initial Purchaser.

Conditions to Delivery . . . The obligation of the Initial Purchaser to take up and pay for the Bonds is subject to the Initial Purchaser's receipt of the legal opinion of the Attorney General of Texas and the legal opinion of Freeman & Corbett, Austin, Texas, Bond Counsel for the District ("Bond Counsel"), the no-litigation certificate, all described below, and the non-occurrence of the events described below under "No Material Adverse Change" and no appeal of the TCEQ order. See "TCEQ Approval" below. In addition, if the District fails to comply with its obligations under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the District within five (5) days thereafter.

Legal Opinions . . . The District will furnish the Initial Purchaser a transcript of certain proceedings held incident to the authorization and issuance of the Bonds, including a certified copy or original of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District. The District also will furnish the legal opinion of McCall, Parkhurst & Horton L.L.P. Bond Counsel, to the effect that, based upon an examination of such transcript, (1) the Bonds are valid and legally 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 bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, (2) the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against taxable property within the District and (3) pursuant to the Internal Revenue Code of 1986, (the "Code") then in effect and existing regulations, published rulings, and court decisions thereunder and assuming continuing compliance by the District with the provisions of the Bond Order, the interest on the Bonds is excludable from the gross income, and will not be subject to the alternative minimum tax on individuals for federal income tax purposes. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change. Neither the opinion of the Attorney General nor the opinion of Bond Counsel will express any opinion or make any comment with respect to the sufficiency of the security for or the marketability of the Bonds.

Certification of Issue Price . . . In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended, relating to the exemption of interest on the Bonds from the gross income of their owners, the Initial Purchaser will be required to complete, execute, and deliver to the District (on or before the date of delivery of the Bonds) a certification as to the "issue price" of the Bonds substantially in the form accompanying this "Notice of Sale" of the Bonds. In the event the successful bidder will not re-offer the Bonds for sale or is unable to sell a substantial amount of the Bonds of any maturity by the date of delivery, such certificate may be modified in a manner approved by the District and Special Tax Counsel. Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate by the date of delivery of the Bonds, if its bid is accepted by the District. It will be the responsibility of the Initial Purchaser to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. In no event will the District fail to deliver the Bonds as a result of the Initial Purchaser's inability to sell a substantial amount of the Bonds at a particular price prior to delivery.

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 265(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(a)(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 expects to designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure or to refrain from such action which 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 (or, in the case of discount bonds, the amount payable at maturity) exceeds \$10,000,000, then such obligations might fail to satisfy the \$10,000,000 limitation and the obligations would not be "qualified tax-exempt obligations."

No Material Adverse Change . . . The obligations of the District to deliver the Bonds and of the Initial Purchaser to accept delivery of and pay for the Bonds are subject to the conditions that to the time of delivery of and receipt of payment for the Bonds, there shall have been (i) no material adverse change in the conditions of the District from those set forth in or contemplated by the Official Statement, as it may have been supplemented or amended through the date of sale, and (ii) the credit enhanced rating of the Bonds is not less than "AA" or its equivalent by virtue of a municipal bond guaranty insurance policy purchased by and at the expense of the Initial Purchaser.

No-Litigation Certificate . . . On the date of delivery of the Bonds to the Initial Purchaser, the District will deliver to the Initial Purchaser a certificate, as of the same date, to the effect that to the best of the District's knowledge no litigation of any nature is pending or, to the best of the certifying officers' knowledge or belief, threatened against the District, contesting or affecting the Bonds; restraining or enjoining the authorization, execution, or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers and directors of the District.

TCEQ Approval . . . The Texas Commission on Environmental Quality ("TCEQ") approved the issuance of the Bonds by an order dated June 24, 2010. Pursuant to State law, certain interested parties have 30 days from the date of the TCEQ Order to appeal such action. Delivery of the Bonds is conditioned upon no appeal being filed on the TCEQ Order.

CONTINUING DISCLOSURE

The District will agree in the Bond Resolution to provide certain periodic information and notices of material events in accordance with the Rule, as described in the Preliminary Official Statement under "CONTINUING DISCLOSURE OF INFORMATION." The Initial Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Initial Purchaser or its agent of a certified copy of the Bond Resolution containing the agreement described under such heading.

GENERAL CONSIDERATIONS

Future Registration . . . The Bonds are transferred, registered and exchanged only on the registration books of the Paying Agent, and such registration shall be at the expense of the District though the District or Paying Agent may require payment by an owner of the Bonds requesting a transfer or exchange of Bonds of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of any Bond. A Bond may be transferred or exchanged upon surrender to the Paying Agent accompanied by a written instrument of transfer acceptable to the Paying Agent duly executed by the registered owner thereof or his attorney duly authorized in writing. Upon surrender for transfer of any Bond to the Paying Agent, the District shall execute and the Paying Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same stated maturity and of any authorized denomination, and of a like aggregate principal amount.

Record Date . . . The record date ("Record Date") for the interest payable on any interest payment date means the close of business on the fifteenth (15th) calendar day of the month (whether or not a business day) next preceding such interest payment date.

Record Date for Bonds to be Redeemed . . . Neither the District nor the Paying Agent shall be required (1) to issue, transfer, or exchange any Bond during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal on interest payment date or (2) to transfer or exchange, in whole or in part, any Bond or any portion thereof selected for redemption prior to maturity, within forty-five (45) calendar days prior to its redemption date.

Risk Factors . . . The Bonds involve certain Risk Factors and all prospective bidders are urged to examine carefully the Preliminary Official Statement with respect to the Risk Factors associated with the Bonds. Particular attention should be given to the information set forth therein under the caption "RISK FACTORS."

Reservation of Rights . . . The District reserves the right to reject any and all bids and to waive any and all irregularities, except time of filing.

Not an Offer to Sell . . . This Official Notice of Sale does not alone constitute an offer to sell the Bonds but is merely notice of sale of the Bonds. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Preliminary Official Statement and the Official Bid Form

Registration and Qualification Under Securities Laws . . . The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated 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.

By submission of a bid, the Initial Purchaser represents that its sale of the Bonds in states other than Texas will be made only pursuant to exemptions from registration or qualification or, where necessary, the Initial Purchaser will register and qualify the Bonds in accordance with

the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Initial Purchaser's written request and expense, in registering or qualifying the Bonds, or in obtaining exemption from registration or qualification, in any state where such action is necessary, provided that the District shall not be required to file a general or special consent to service of process in any jurisdiction.

Copies of Documents . . . Copies of the Official Notice of Sale, the Preliminary Official Statement, the Official Bid Form, Audits, and the pro forma Bond Resolution may be obtained at the offices of Southwest Securities, 701 Brazos Street, Suite 400, Austin, Texas 78701, Financial Advisor to the District.

Charles H. Scott
President,
Board of Directors

DATE: [REDACTED], 2011

OFFICIAL BID FORM

President and Board of Directors
Moore's Crossing Municipal Utility District
c/o Southwest Securities
701 Brazos, Suite 400
Austin, Texas 78701

Directors:

We have read in detail the Official Notice of Sale and Preliminary Official Statement of Moore's Crossing Municipal Utility District (the "District") relating to its \$2,000,000 Unlimited Tax Bonds, Series 2011 (the "Bonds"), which by reference are made a part hereof. We recognize the special Risk Factors involved in these securities, and have made such inspections and investigations as we deem necessary in order to evaluate the investment quality of the Bonds. Accordingly, we offer to purchase the District's legally issued Bonds, upon the terms and conditions set forth in the Bond Resolution, the Official Notice of Sale and the Preliminary Official Statement, for a cash price of \$_____ (which represents _____% of par value) plus accrued interest to the date of delivery of the Bonds to us, provided such Bonds mature September 1 and bear interest in each year at the following rates:

Maturity (September 1)	Amount	Interest Rate	Maturity (September 1)	Amount	Interest Rate
2012	\$ 25,000	_____	2022*	\$ 75,000	_____
2013	25,000	_____	2023*	75,000	_____
2014	50,000	_____	2024*	75,000	_____
2015	50,000	_____	2025*	75,000	_____
2016	50,000	_____	2026*	75,000	_____
2017	50,000	_____	2027*	100,000	_____
2018*	50,000	_____	2028*	100,000	_____
2019*	50,000	_____	2029*	100,000	_____
2020*	50,000	_____	2030*	125,000	_____
2021*	75,000	_____	2031*	125,000	_____

* The District reserves the right to redeem, prior to maturity, those Bonds maturing September 1, 2018 through 2031, both inclusive in whole or from time to time in part on September 1, 2017 or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Our calculation (which is not a part of this bid) of the interest cost from the above bid is:

Total Interest Cost..... \$ _____

Plus: Cash Discount \$ _____

Net Interest Cost..... \$ _____

Net Effective Interest Rate %

The mandatory sinking fund installments checked above, if any, shall be applied for the redemption of term bonds maturing as follows:

Term Bond Maturity Date <u>September 1</u>	Year of First Mandatory <u>Redemption</u>	Principal Amount of <u>Term Bond</u>	Interest <u>Rate</u>
_____	_____	_____	_____ %
_____	_____	_____	_____ %
_____	_____	_____	_____ %

The initial bonds shall be registered in the name of _____ (syndicate manager). We will advise the office of BOKF, N.A., dba Bank of Texas, the Registrar, on forms to be provided by the Registrar, of our registration instructions at least five business days prior to the date set for initial delivery of Bonds on the closing date. We will not ask the Registrar to accept any registration instructions after the five day period for delivery of Bonds on the closing date.

Cashier's Check No. _____, issued by _____ Bank, _____, Texas and payable to your order in the amount of \$40,000 (is attached hereto) (has been made available to you prior to the opening of this bid) as the Good Faith Deposit for disposition in accordance with the terms and conditions set forth in the Official Notice of Sale. Should we fail or refuse to make payment for the Bonds in accordance with the terms and conditions of such Official Notice of Sale, such check shall be cashed and the proceeds retained as complete liquidated damages against us. We hereby represent that sale of the Bonds in states other than Texas will be made only pursuant

to exemptions from registration or qualification and that, where necessary, we will register or qualify the Bonds in accordance with the securities laws of the states in which the Bonds are offered or sold.

The undersigned agrees to complete, execute, and deliver to the District, by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District. The undersigned further agrees to provide in writing the initial reoffering prices and other term, if any, to Southwest Securities by the close of the next business day after the award.

(Syndicate members, if any)

Respectfully submitted,

By: _____
(Authorized Representative)
Phone Number: _____

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby accepted by Moore's Crossing Municipal Utility District this _____ day of _____, 2011.

ATTEST:

Secretary, Board of Directors

President, Board of Directors

BOND YEARS

Interest Accrues From: May 1, 2011

Due: September 1

Year	Amount	Bond Years	Cumulative Bond Years	Year
2012	\$ 25,000	33.3333	33.3333	2012
2013	25,000	58.3333	91.6667	2013
2014	50,000	166.6667	258.3333	2014
2015	50,000	216.6667	475.0000	2015
2016	50,000	266.6667	741.6667	2016
2017	50,000	316.6667	1,058.3333	2017
2018	75,000	550.0000	1,608.3333	2018
2019	75,000	625.0000	2,233.3333	2019
2020	75,000	700.0000	2,933.3333	2020
2021	100,000	1,033.3333	3,966.6667	2021
2022	100,000	1,133.3333	5,100.0000	2022
2023	100,000	1,233.3333	6,333.3333	2023
2024	125,000	1,666.6667	8,000.0000	2024
2025	125,000	1,791.6667	9,791.6667	2025
2026	125,000	1,916.6667	11,708.3333	2026
2027	150,000	2,450.0000	14,158.3333	2027
2028	150,000	2,600.0000	16,758.3333	2028
2029	175,000	3,208.3333	19,966.6667	2029
2030	175,000	3,383.3333	23,350.0000	2030
2031	200,000	4,066.6667	27,416.6667	2031

Total Bond Years: 27,416.6667
Average Maturity: 13.708333 years

CERTIFICATE OF ISSUE PRICE

The undersigned hereby certifies with respect to the sale of the Moore's Crossing Municipal Utility District Unlimited Tax Bonds, Series 2011 (the "Bonds"), issued in the aggregate principal amount of \$2,000,000, as follows:

1. The undersigned is the duly authorized representative of the purchaser (the "Purchaser") of the Bonds from Moore's Crossing Municipal Utility District (the "Issuer").
2. All of the Bonds have been offered to members of the public in a bona fide initial offering. For purposes of this Certificate, the term "public" does not include any bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers (including the Purchaser or members of the selling group or persons that are related to, or controlled by, or are acting on behalf of or as agents for the undersigned or members of the selling group).
3. Each maturity of the bonds was offered to the public at a price which, on the date of such offering, was reasonably expected by the Purchaser to be equal to the fair market value of such maturity.
4. Other than the obligations set forth in paragraph 5 hereof (the "Retained Maturity" or "Retained Maturities"), the first price/yield at which a substantial amount (i.e., at least ten (10) percent) of the principal amount of each maturity of the Bonds was sold to the public is set forth below:

Principal Amount at Maturity	Maturity	Price / Yield	Principal Amount at Maturity	Maturity	Price / Yield
\$ 25,000	2012	_____	\$ 100,000	2022	_____
25,000	2013	_____	100,000	2023	_____
50,000	2014	_____	125,000	2024	_____
50,000	2015	_____	125,000	2025	_____
50,000	2016	_____	125,000	2026	_____
50,000	2017	_____	150,000	2027	_____
75,000	2018	_____	150,000	2028	_____
75,000	2019	_____	175,000	2029	_____
75,000	2020	_____	175,000	2030	_____
100,000	2021	_____	200,000	2031	_____

5. In the case of the Retained Maturities, the Purchaser reasonably expected on the offering date to sell a substantial amount (i.e., at least ten (10) percent) of each Retained Maturity at the initial offering price/yield as set forth below:

Principal Amount at Maturity	Maturity	Price / Yield	Principal Amount at Maturity	Maturity	Price / Yield
\$ 25,000	2012	_____	\$ 100,000	2022	_____
25,000	2013	_____	100,000	2023	_____
50,000	2014	_____	125,000	2024	_____
50,000	2015	_____	125,000	2025	_____
50,000	2016	_____	125,000	2026	_____
50,000	2017	_____	150,000	2027	_____
75,000	2018	_____	150,000	2028	_____
75,000	2019	_____	175,000	2029	_____
75,000	2020	_____	175,000	2030	_____
100,000	2021	_____	200,000	2031	_____

6. Based on the foregoing, the aggregate of such initial offering price of all of the Bonds is \$_____ (the "Issue Price"), which price includes pre-issuance accrued interest in the amount of \$_____.

7. The Purchaser understands that the statements made herein will be relied upon, by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, and by Bond Counsel in rendering their opinion that the interest on the Bonds is excludable from the gross income of the owners thereof.

EXECUTED AND DELIVERED this _____ day of _____, 2011.

(PURCHASER)

By:_____

Title:_____