

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" herein, including the alternative minimum tax on corporations.

THE DISTRICT IS EXPECTED TO DESIGNATE THE BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" herein.

\$4,325,000

MOORE'S CROSSING MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas Located in Travis County, Texas)
UNLIMITED TAX BONDS, SERIES 2016

Dated: August 16, 2016

Due: September 1, as shown on the inside cover page

Interest on the \$4,325,000 Moore's Crossing Municipal Utility District Unlimited Tax Bonds, Series 2016 (the "Bonds") will accrue from the date of delivery, currently anticipated to be August 16, 2016, and is payable March 1, 2017 and each September 1 and March 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 ("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/registrars for the Bonds is BOKF, NA, Austin, Texas (the "Paying Agent" or "Paying Agent/Registrar"). The Bonds are obligations solely of Moore's Crossing Municipal Utility District (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.

**MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS,
REDEMPTION PROVISIONS and CUSIP NUMBERS**
(see inside cover page)

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable solely 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." This cover page contains information for quick reference only and is not a summary of the Bonds. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN RISK FACTORS DESCRIBED HEREIN. See "RISK FACTORS" herein.

The Bonds are offered by the initial purchaser (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 August 16, 2016 in Austin, Texas.

BIDS DUE: TUESDAY, JULY 19, 2016 BY 9:30 A.M., C.D.T.
AT 7004 BEE CAVE ROAD, BUILDING 3, SUITE 315, AUSTIN, TEXAS 78746
AWARD EXPECTED: 12:00 P.M., C.D.T.

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)
2017	\$ 5,000	_____ %	_____ %	_____	2028 *	\$ 5,000	_____ %	_____ %	_____
2018	5,000	_____ %	_____ %	_____	2029 *	50,000	_____ %	_____ %	_____
2019	5,000	_____ %	_____ %	_____	2030 *	450,000	_____ %	_____ %	_____
2020	5,000	_____ %	_____ %	_____	2031 *	475,000	_____ %	_____ %	_____
2021	5,000	_____ %	_____ %	_____	2032 *	500,000	_____ %	_____ %	_____
2022	5,000	_____ %	_____ %	_____	2033 *	500,000	_____ %	_____ %	_____
2023 *	5,000	_____ %	_____ %	_____	2034 *	525,000	_____ %	_____ %	_____
2024 *	5,000	_____ %	_____ %	_____	2035 *	575,000	_____ %	_____ %	_____
2025 *	5,000	_____ %	_____ %	_____	2036 *	575,000	_____ %	_____ %	_____
2026 *	5,000	_____ %	_____ %	_____	2037 *	615,000	_____ %	_____ %	_____
2027 *	5,000	_____ %	_____ %	_____					

- * 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, 2023, in whole or from time to time in part, on September 1, 2022, 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 may also be subject to mandatory sinking fund redemption if certain maturities of the Bonds are designated as term bonds by the Initial Purchaser of the Bonds. 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, resulting in a net effective interest rate to the District of _____%.
- (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. The yields may be changed at any time at the discretion of 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 S&P Capital IQ 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 provided by CUSIP Global 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.

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes a preliminary official statement of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of the information permitted by the Rule.

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 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 "OFFICIAL STATEMENT - Updating the Official Statement During Underwriting Period" and "CONTINUING DISCLOSURE OF INFORMATION."

NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKES 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.

THE CONTENTS OF THIS OFFICIAL STATEMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE, AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN ATTORNEYS AND BUSINESS AND TAX ADVISORS.

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 inside cover page of this Official Statement at a price of _____% of par. 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 or 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

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE BONDS OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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

The statements contained in this Official Statement and in other information provided by the District that are not purely historical are forward-looking statements, including regarding the District's expectations, hopes, intentions or strategies regarding the future. All forward-looking statements included in 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. See "INVESTMENT CONSIDERATIONS- Forward-Looking Statements."

NO MUNICIPAL BOND RATINGS OR 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. Potential investors must read this entire Official Statement to obtain information essential to making an informed investment decision. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Investment in the Bonds is subject to certain risk factors. See "RISK FACTORS."

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 Travis County, Texas, 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 lies approximately 0.75 miles east of the intersection of FM 973 and Elroy Road, and approximately 3 miles south of State Highway 71. The District is comprised of approximately 838.48 acres. Access to the District is provided via Elroy Road. See "LOCATION MAP" and "THE DISTRICT - Location."
- The Developer..... Land within the District is being developed by SR Development, Inc. ("SR Development" or the "Developer"). See "THE DEVELOPER."
- Status of Development The District contains 838.48 acres, of which approximately 690.78 acres are developable. As of April 15, 2016 approximately 224 acres (or approximately 32.43% of the developable acreage) has been developed as the single family residential subdivisions of Moore's Crossing, Section 1; Stoney Ridge, Phase A, Sections 2, 3A, 3B, 3C, 5A, 5B and 6; Stoney Ridge Phase B, Sections 1 and 2; and Stoney Ridge Phase 3, Sections 1 and 2, encompassing a total of 959 single family lots, which includes 876 completed single family homes, 21 homes under construction, and 62 developed vacant single family lots. Commercial development within the District includes a 10,000 square foot retail center on approximately 2 acres. The District also contains a Del Valle Independent School District elementary school on approximately 17.10 acres. See "THE DISTRICT – Historical and Current Status of Development" and "Future Development."
- Homebuilder..... According to the Developer, KB Homes is currently the active homebuilder within the District. The homes range in price from \$183,995 to \$223,995, with square footage ranging from 1,516 to 2,898. According to the Developer, DR Horton is under contract to purchase 325 home sites by the end of 2016. See "THE DEVELOPER – Homebuilder within the District."

THE BONDS

- Description..... The Bonds in the aggregate principal amount of \$4,325,000 mature serially in varying amounts on September 1 of each year from 2017 through 2037, inclusive, as set forth on the inside cover page hereof unless the Initial Purchaser elects to treat some maturities as term Bonds. Interest accrues from the date of delivery, currently anticipated to be August 16, 2016, at the rates per annum set forth on the inside cover page hereof and is payable March 1, 2017 and each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See "THE BONDS - General Description."
- Redemption The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2023, in whole or from time to time in part, on September 1, 2022, 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, if designated as term Bonds, may also be 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 fifth installment of new money bonds issued by the District. The District has also issued two series of refunding bonds. The District has never defaulted in the timely payment of principal of or interest on its previously issued obligations, entitled: \$1,425,000 Unlimited Tax Bonds, Series 1998; \$1,670,000 Unlimited Tax Bonds, Series 2003; \$1,324,999 Unlimited Tax Refunding Bonds, Series 2004; \$3,000,000 Unlimited Tax Bonds, Series 2005; \$2,000,000 Unlimited Tax Bonds, Series 2011; and \$3,835,000 Unlimited Tax Refunding Bonds, Series 2012 (collectively, the "Outstanding Bonds"). See "FINANCIAL STATEMENT - Outstanding Bonds." The proceeds of the new money Outstanding Bonds included up to 24 months of capitalized interest.

Authority for Issuance The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 3, 1987; the approving order of the Texas Commission on Environmental Quality (the "TCEQ"); and an order 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..... The proceeds of the Bonds will be used to finance the District's share of the following: (i) clearing and grubbing for Stoney Ridge, Phase C, Sections 1 and 2A; (ii) Elroy Road water main improvements; (iii) lift station wastewater interceptor; (iv) Elroy Road Sections 1-3 and Ross Road utilities; (v) Engineering fees on the FM 973 wastewater line project; and (vi) water, wastewater and drainage facilities to serve Stoney Ridge, Phase C, Sections 1 and 2.

The remaining Bond proceeds will be used to: (i) capitalize approximately twenty-four months' interest requirements on the Bonds; (ii) pay developer interest; (iii) pay certain engineering costs; and (iv) pay other costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

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 aggregate principal amount of new money bonds for water, wastewater and drainage facilities. The Bonds constitute the fifth installment of new money bonds issued by the District. After the issuance of the Bonds, the District will have \$19,580,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for water, wastewater and drainage facilities. See "FINANCIAL STATEMENT - Outstanding Bonds" and "THE BONDS – Issuance of Additional Debt."

No Municipal Bond Rating or 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 a municipal bond insurance commitment would have been received had 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 2016 is not reasonably expected to exceed \$10,000,000. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions."

Bond Counsel
and Disclosure Counsel..... McCall, Parkhurst & Horton L.L.P., Austin, Texas

General Counsel Armbrust & Brown PLLC, Austin, Texas

Financial Advisor Public Finance Group LLC, Austin, Texas

Engineer..... Schroeder Engineering Company, Austin, Texas

Paying Agent / Registrar BOKF, NA, 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," with respect to investment in the Bonds.

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SELECTED FINANCIAL INFORMATION
(Unaudited)

2015 Certified Assessed Valuation		\$ 98,565,339 ^(a)
2016 Preliminary Assessed Valuation		\$113,265,493 ^(b)
Gross Debt Outstanding (after issuance of the Bonds)		\$ 9,865,000 ^(c)
Ratio of Gross Debt to 2015 Certified Assessed Valuation		10.01%
Ratio of Gross Debt to 2016 Preliminary Assessed Valuation		8.71%
2015 Tax Rate		
	Debt Service	\$ 0.5446
	Maintenance	<u>0.3878</u>
	Total 2015 Tax Rate	<u>\$ 0.9324</u> ^(d)
Debt Service Fund Balance (as of March 15, 2016)		\$ 628,233 ^(e)
Percentage of current tax collections (Tax Years 2000-2015)		99.38% ^(f)
Percentage of total tax collections (Tax Years 2000-2015)		99.81% ^(f)
Projected Average Annual Debt Service Requirement of the Bonds ("Projected Average Requirement") (2017-2037, inclusive)		\$ 689,761
Tax Rate required to pay Projected Average Requirement based upon 2015 Certified Assessed Valuation at 95% collections		\$ 0.74 /\$100 AV
Tax Rate required to pay Projected Average Requirement based upon 2016 Preliminary Assessed Valuation at 95% collections		\$ 0.65 /\$100 AV
Projected Maximum Annual Debt Service Requirement of the Bonds ("Projected Maximum Requirement") (2031)		\$ 854,425
Tax Rate required to pay Projected Maximum Requirement based upon 2015 Certified Assessed Valuation at 95% collections		\$ 0.92 /\$100 AV
Tax Rate required to pay Projected Maximum Requirement based upon 2016 Preliminary Assessed Valuation at 95% collections		\$ 0.80 /\$100 AV
Number of active connections as of April 15, 2016		
Single Family - Complete & Occupied	876	
Single Family - Builder	<u>21</u>	
Total Number of Active Connections		897
Estimated Population as of April 15, 2016		3,066 ^(g)

- (a) The certified assessed valuation as of January 1, 2015, as provided by Travis Central Appraisal District ("TCAD"). See "TAXING PROCEDURES."
- (b) The preliminary assessed valuation as of January 1, 2016, as provided by TCAD, is included solely for purposes of illustration. No taxes will be levied on this assessed value unless it is certified by TCAD.
- (c) Includes the Bonds.
- (d) The District levied a 2015 tax rate of \$0.9324 at its meeting in September 2015. See "TAXING PROCEDURES."
- (e) Unaudited as of March 15, 2016. Does not include approximately twenty-four months of capitalized interest (\$389,250) 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 Order requires that the District maintain any particular sum in the District's Debt Service Fund.
- (f) See "TAX DATA – Tax Collections."
- (g) Based upon 3.5 residents per completed and occupied single family home.

OFFICIAL STATEMENT
relating to

\$4,325,000
Moore’s Crossing Municipal Utility District
(A Political Subdivision of the State of Texas Located in Travis County, Texas)
UNLIMITED TAX BONDS, SERIES 2016

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 (the “State”), of its \$4,325,000 Unlimited Tax Bonds, Series 2016 (the “Bonds”).

The Bonds are issued pursuant to an order adopted by the Board of Directors of the District on the date of the sale of the Bonds (the “Bond Order”), pursuant to Article XVI, Section 59 of the Constitution, and the general laws of the State, including Chapters 49 and 54 of the Texas Water Code, as amended; a bond election held within the District on November 3, 1987; and the approving order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”).

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o Armbrust & Brown PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas, 78701 or from the District’s Financial Advisor, Public Finance Group LLC, 7004 Bee Cave Road, Building 3, Suite 315, Austin, Texas, 78746, upon payment of reasonable copying, mailing and handling charges.

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

THE BONDS

General Description

The Bonds will bear interest from the date of delivery, currently anticipated to be August 16, 2016, and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on March 1, 2017 and each September 1 and March 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 and registrar for the Bonds is BOKF, NA, Austin, Texas (the “Paying Agent” or “Paying Agent/Registrar”).

Redemption

Optional Redemption... The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2023, in whole or from time to time in part, on September 1, 2022, 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.

Mandatory Sinking Fund Redemption.... In addition to being subject to optional redemption, as provided above, the Bonds maturing on September 1, ____ and September 1, ____ are subject to mandatory sinking fund redemption prior to maturity by lot or other customary redemption method 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, ____*	
Mandatory Redemption Date	Principal Amount

Bonds Maturing September 1, ____*	
Mandatory Redemption Date	Principal Amount

*Stated Maturity

The principal amount of the 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 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 Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District, with monies in the Debt Service Fund at a price not exceeding the principal amount of the Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

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

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

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

DTC Redemption Provision

The Paying Agent/Registrar and the District, so long as a book-entry-only system is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a redemption of such Bonds and such redemption will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants, Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

Termination of Book-Entry-Only System

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

Payment . . . Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Austin, Texas (the “Designated Payment/Transfer Office”). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at

the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

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

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

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

Authority for Issuance

At an election held within the District on November 3, 1987, voters within the District authorized a total of \$32,000,000 in aggregate principal amount of new money bonds for water, wastewater and drainage facilities. The Bonds constitute the fifth installment of bonds issued by the District. After the issuance of the Bonds, the District will have \$19,580,000 aggregate principal amount of remaining authorized but unissued unlimited tax new money bonds for water, wastewater and drainage facilities.

The Bonds are issued pursuant to the terms and provisions of the Bond Order, Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The issuance of the Bonds has been approved by an order of 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 Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds. The Bond Order provides for the termination of the pledge of taxes when and if the City annexes and dissolves the District and assumes all debts and liabilities of the District.

Under Texas law, the District may be annexed and dissolved by the City without the consent of the District or its residents. If the District is annexed, the City must assume the assets, functions, and obligations of the District (including the Bonds) and the pledge of

taxes will terminate. No representation is made concerning the likelihood of annexation and dissolution or the ability of the City to make debt service payments on the Bonds should dissolution occur.

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 Bonds constitute the fifth installment of new money bonds issued by the District. The District has also issued two series of refunding bonds. The District has never defaulted in the timely payment of principal of or interest on its previously issued obligations, entitled: \$1,425,000 Unlimited Tax Bonds, Series 1998; \$1,670,000 Unlimited Tax Bonds, Series 2003; \$1,324,999 Unlimited Tax Refunding Bonds, Series 2004; \$3,000,000 Unlimited Tax Bonds, Series 2005; \$2,000,000 Unlimited Tax Bonds, Series 2011; and \$3,835,000 Unlimited Tax Refunding Bonds, Series 2012 (collectively, the "Outstanding Bonds"). See "FINANCIAL STATEMENT – Outstanding Bonds." The proceeds of the Outstanding Bonds included 24 months of capitalized interest.

Flow of Funds

The Bond Order creates a Debt Service Fund and a Capital Projects Fund.

Each fund shall be kept separate and apart on the books and record of the District from all other funds of the District. The Debt Service Fund shall constitute a trust fund which shall be held in trust for the benefit of the registered owner of the Bonds.

Any cash balance in any fund must be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of municipal utility districts having an aggregate market value, exclusive of accrued interest, at all times equal to the cash balance in the fund to which such securities are pledged.

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

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

Paying Agent/Registrar

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

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

Defeasance of Outstanding Bonds

General . . . The Bond Order provides for the defeasance of the Bonds and the termination of the pledge of taxes and all other general defeasance covenants in the Bond Order under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired, and no longer outstanding within the meaning of the Bond Order (a “Defeased Bond”), except to the extent provided below for the Paying Agent to continue payments, when the payment of all principal and interest payable with respect to such Bond to the due date or dates thereof (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities (defined below) that mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment, or (3) any combination of (1) and (2) above, and when proper arrangements have been made by the District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Bonds shall have become due and payable. At such time as a Bond shall be deemed to be a Defeased Bond, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes levied and pledged, as provided in the Bond Order and such principal and interest shall be payable solely from such money or Defeasance Securities, and shall not be regarded as outstanding under the Bond Order and the District will have no further responsibility with respect to the payment of such Defeased Bonds including any insufficiency to receive payments when due on the Defeased Securities.

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

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

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

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

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

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

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

Record Date

The Record Date for payment of the interest on Bonds on any regularly scheduled interest payment date is defined as the 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 or other obligations necessary to provide those improvements and facilities for which the District was created, with the approval of the TCEQ, if applicable, and, in the case of bonds payable from taxes, the District's voters. See "THE BONDS – Authority for Issuance" for details regarding authorized but unissued Bonds of the District. Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bond which may be issued by the District. Any additional bonds issued by the District may dilute the security for the Bonds.

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 to approval of 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 Texas Water Code, bonds, notes or other obligations issued by a municipal utility district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts and all other kinds and types of districts, public agencies and bodies politic." Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "NO MUNICIPAL BOND RATINGS OR INSURANCE".

The Bonds are not rated and 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 Order the District covenants 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 omit 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 non-compliance with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

Additional Covenants

The District additionally covenants in the Bond Order 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 Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospect or ability to be repaid in accordance with the Bond Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Bond Order and Chapter 54 of the Texas Water Code provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. 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. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District 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 to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water system with the water system(s) of the district(s) with which it is consolidating. The revenues of the consolidated system may be pledged equally to all first lien bonds of the consolidating districts. No representation is made that the District will consolidate its water system with that of any other district.

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."

Alteration of Boundaries

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

that the District will effect any change in its boundaries.

Approval of the Bonds

The TCEQ approved the issuance of the Bonds by an order signed on April 8, 2016 (the "TCEQ Order").

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

Amendments to the Bond Order

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

BOOK-ENTRY-ONLY SYSTEM

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

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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, each 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, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

All 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 Bonds 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, 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or 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 or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Financial Advisor take any responsibility for the accuracy thereof.

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USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance the District's share of the following: (i) clearing and grubbing for Stoney Ridge, Phase C, Sections 1 and 2A; (ii) Elroy Road water main improvements; (iii) lift station wastewater interceptor; (iv) Elroy Road Sections 1-3 and Ross Road utilities; (v) Engineering fees on the FM 973 wastewater line project; and (vi) water, wastewater and drainage facilities to serve Stoney Ridge, Phase C, Sections 1 and 2. The remaining Bond proceeds will be used to: (i) capitalize approximately twenty-four months' interest requirements on the Bonds; (ii) pay developer interest; (iii) pay certain engineering costs; and (iv) pay other costs associated with the issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$3,239,698 is estimated to be required for construction costs, and \$1,085,302 is estimated to be required for non-construction costs, including \$389,250 of capitalized interest (approximately twenty-four months' interest estimated at 4.50%).

Construction Costs

A. Developer Contribution Items

1. Stoney Ridge Phase C Section 1 - Clearing & Grubbing	\$ 47,880
2. Stoney Ridge Phase C Section 2A - Clearing & Grubbing	20,650
3. Elroy Road water main improvements	34,941
4. Elroy Road section 1-3 & Ross Road - W, WW, & D	757,785
5. Stoney Ridge Phase C Section 1 - W, WW, & D	549,539
6. Stoney Ridge Phase C Section 2A - W, WW, & D	385,037
7. Engineering, Permitting & Testing	400,682
Total Developer Contribution Items	\$ 2,196,514

B. District Items

1. Lift Station Wastewater Interceptor	\$ 725,184
2. Engineering, Permitting & Testing	318,000
Total District Items	\$ 1,043,184

Total Construction Costs	\$ 3,239,698
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Non-Construction Costs

A. Legal Fees (3.0%)	\$ 129,750
B. Fiscal Agent Fees (2.0%)	86,500
C. Interest Costs	
1 Capitalized Interest (24 months estimated @ 4.50%)	389,250
2 Developer Interest ^(a)	214,000
D. Bond Discount (3%)	129,750
E. Bond Issuance Expenses	70,914
F. Bond Application Report Costs	50,000
G. Attorney General Fee (0.10%)	4,325
H. TCEQ Bond Issuance Fee (0.25%)	10,813
I. Contingency ^(b)	-
Total Non-Construction Costs	\$ 1,085,302

TOTAL BOND ISSUE REQUIREMENT	\$ 4,325,000
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(a) Preliminary; subject to change. The amount of Developer interest will be finalized in connection with the reimbursement report approved by the Board of Directors prior to disbursement of funds.

(b) The TCEQ, in its approval of the Bonds, directed any surplus Bond proceeds to be shown as a contingency line item and be subject to the TCEQ rules on use of surplus Bond funds.

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the City of Austin, Texas; Travis County, Texas; the State of Texas; 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 “RISK FACTORS - Registered Owners' Remedies.”

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 developers and homebuilders are able to obtain financing for development and construction costs. 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 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, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Austin metropolitan and regional economies.

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.

The competitive position of developers in the sale of developed lots and of homebuilders 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 the “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.”

Maximum Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently existing within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2015 Certified Taxable Assessed Valuation of the District is \$98,565,339. After issuance of the Bonds, the Projected Maximum Requirement will be \$854,425 (2031) and the Projected Average Requirement will be \$689,761 (2017 through 2037 inclusive). Assuming (1) no increase or decrease from the 2015 Certified Taxable Assessed Valuation; (2) the issuance of no additional debt; and (3) no other funds available for the payment of debt service, tax rates of \$0.92 and \$0.74 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement,

respectively. The District's 2016 Preliminary Assessed Valuation is \$113,265,493. Based upon the assumptions above, tax rates of \$0.80 and \$0.65 per \$100 assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the Projected Maximum Requirement and the Projected Average Requirement, respectively. See "PROJECTED DEBT SERVICE REQUIREMENTS" and "TAX DATA - Tax Adequacy for Debt Service."

Undeveloped Acreage . . . All but approximately 466.78 acres of developable land within the District has been provided with water, wastewater and storm drainage and detention facilities as of April 15, 2016. In the opinion of the District's engineers, the remaining authorized but unissued bonds should be sufficient to fund water, sanitary sewer and drainage services to all areas now within the District. See "THE BONDS – Alteration of Boundaries" and "THE DISTRICT – Historical and Current Status of Development."

Development and Home Construction in the District . . . As of April 15, 2016, approximately 62 developed lots within the District remained available for construction. Failure of the Developer and/or builder to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by the builder. See "Maximum Impact on District Tax Rates" above.

Effects of Master Planned Community/Regulatory Constraints . . . The Developer has represented that it intends to sell developed lots to a homebuilder. See "THE DISTRICT" and "THE DEVELOPER." However, the Developer has no legal obligation to the District to carry out its current plans or any other plans of development within the District. Furthermore, there is no restriction on the Developer or other landowners selling their land. The District can make no prediction as to the effects that inflation, interest rates, a depressed economy, falling energy prices, potential transportation problems, flooding, environmental or other government regulations, or other factors, whether economic, governmental or otherwise, may have on the plans of the Developer. See "Factors Affecting Taxable Values and Tax Payments" above. Neither the Developer nor any subsidiaries, if any, are obligated to pay principal of and interest on the Bonds. See "THE DEVELOPER." Furthermore, the Developer has no binding commitment to the District to carry out any plans of development in the District, and the furnishing of information related to proposed development by a developer should not be interpreted as such a commitment.

Tax Collections and Foreclosure Remedies

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 of the Bonds 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. Except for mandamus, the Bond Order 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.

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.

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 State 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 municipal 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, attorney's fees, costs of abstract and research fees exist against the real property for the failure of the FDIC or a prior property owner to pay ad valorem taxes when due. It is also not known whether the FDIC will attempt to claim the FIRREA exemptions as to the time for contesting valuations and tax assessments made prior to and after the enactment of FIRREA. Accordingly, to the extent that the FIRREA provisions are valid and applicable to any property in the District, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

Continuing Compliance with Certain Covenants

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

Future Debt

As of April 15, 2016, approximately 224 acres of land within the District have been developed with utility facilities by the Developer. The Developer has advanced funds to pay for the installation of water, wastewater, and drainage facilities in the District. A portion of the proceeds of the Bonds will be used to reimburse the Developer for a portion of the funds it has advanced. After receiving proceeds from the Bonds, the District will continue to owe the Developer approximately \$45,000.

Therefore, the Developer is owed additional funds with reimbursements expected to be made from the proceeds of future installments of bonds over the next several years. 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) see "THE DEVELOPER – Utility Development Agreements." 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 to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS – Issuance of Additional Debt."

The District has reserved in the Bond Order the right to issue the remaining authorized but unissued bonds approved by the voters. See "THE BONDS – Authority for Issuance." All of the remaining unlimited tax bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board of Directors of the District, subject to the approval of the Attorney General of the State of Texas, the TCEQ, and the consent of the City of Austin.

Governmental Approval

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The TCEQ approved the issuance of the Bonds by an order signed on April 8, 2016 (the "TCEQ Order"). In addition, the City of Austin must give consent prior to the issuance of the Bonds, and the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ, City of Austin, 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.

No Requirement to Build on Developed Lots

Currently, there is no requirement that builders owning developed lots within the District commence or complete construction of improvements within any particular time period. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable value in the District.

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 and 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.

Environmental Regulation

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

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

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a water district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and issuance of injunctions as to future compliance of and the ability to operate the District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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

In 1997, the EPA adopted an ozone standard with a standard for fine particulates, often referred to as the 8-hour standard because it is based on an 8-hour average and is intended to protect public health against longer exposure. In 2008, the EPA tightened the existing eight-hour ozone standard from 0.08 ppm to 0.075 ppm. The Austin area, consisting of Williamson, Hays, Travis, Bastrop, and Caldwell Counties (the "Austin Area"), was not designated "nonattainment" for any NAAQS by the EPA in 2012; however, the Austin Area has been just below the 2008 eight-hour ozone standard.

On November 26, 2014, the EPA announced a new proposed ozone NAAQS range of between 65-70 ppb. The Austin Area is vulnerable to being designated nonattainment if the EPA adopts the new proposed ozone NAAQS or otherwise maintains the existing standard applied to more recent air quality monitoring data.

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

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

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

Pursuant to the Safe Drinking Water Act, potable (drinking) water provided by the District to more than sixty (60) end users for consumption is subject to extensive federal and state regulation as a public water supply system, which include, among other requirements, frequent sampling and analyses. Additionally, the EPA has been charged with establishing maximum contaminant levels (MCLs) for potential drinking water contaminants (both naturally occurring and anthropogenic) such as arsenic, lead, radon, and disinfection by-products (e.g. chlorine). Additionally, TCEQ has adopted rule changes to Chapter 290, Public Drinking Water, to implement the federal Stage 2 Disinfection Byproducts Rule (DBP2), Long Term Stage 2 Enhanced Surface Water Treatment Rule (LT2), and Ground Water Rule (GWR). EPA adopted the GWR on October 11, 2006. Future regulations or requirements pertaining to these and other drinking water contaminants could require installation of more costly treatment facilities.

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

TPDES permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. Any discharges to water bodies designated as impaired streams in accordance with the Clean Water Act may be precluded from obtaining a TPDES permit if pollutants for which the stream is designated as impaired are among those pollutants being released by a District. Moreover, the Clean Water Act and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations. In addition, under the Clean Water Act, states must identify any bodies of water for which more stringent effluent standards are needed to achieve water quality standards and must establish the maximum allowable daily load of certain pollutants into the water bodies.

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

Future and Proposed Legislation

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

Drought Conditions

Central Texas, like other areas of the State, is susceptible to drought conditions. The District adopted a water conservation and drought contingency plan and currently has implemented voluntary water restrictions for residents of the District. The City provides water to the District in amounts sufficient to service the residents of the District; however, if the District experiences drought conditions, water usage and rates could be impacted.

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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

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 November in each even-numbered year. All of the directors own property in the District.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Length of Service</u>
Charles H. Scott	President	2016	21 ½ Years
Ann Carroll	Vice President	2018	17 ½ Years
Michelle Bolin	Secretary	2018	13 Years
John Foradory	Assistant Secretary/Treasurer	2016	7 ½ Years
Gregory D. Schroen	Director	2016	18 ½ Years

Consultants

Tax Assessor/Collector

Land and improvements in the District are being appraised by the Travis Central Appraisal District ("TCAD"). The Tax Assessor/Collector is appointed by the Board of Directors of the District. The Travis County Tax Assessor/Collector, Bruce Elfant, currently serves the District in this capacity under contract.

Engineer

The District's consulting engineer is Schroeder Engineering Company (the "Engineer"). Such firm serves as consulting engineer to 11 other special districts.

Bookkeeper

Municipal Accounts & Consulting, L.P. ("MAC"), Certified Public Accountants, is charged with the responsibility of providing bookkeeping services for the District. MAC serves in a similar capacity for 25 other special districts in the Austin metropolitan area.

Financial Advisor

Public Finance Group LLC 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.

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, Texas, 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 lies approximately 0.75 miles east of the intersection of FM 973 and Elroy Road, and approximately 3 miles south of State Highway 71. The District is comprised of approximately 838.48 acres. Access to the District is provided 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 17, 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 784 acres within the District from the RTC which included undeveloped property, Sections 1 and 2 which were partially developed, along with certain regional water and wastewater facilities. MC Joint Venture is comprised of William 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 consisting of the majority of Phase A of the Stoney Ridge subdivision was sold by MC Joint Venture to SR Development, a Subchapter S Texas Corporation with William 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 December 2003, MC Joint Venture sold to SR Development the land comprised of Phase B, Sections 1 and 2, Phase C (approximately 91.60 acres) and 64.50 acres at the corner of FM 973 and Elroy Roads. Phase B and Phase C were platted for 465 residential lots while the 64.50 acre corner was zoned general retail/commercial and light industrial.

In late 1995 and early 1996, development within the District was reinstated 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. SR Development completed the development of Phase B, Section 1 (175 lots) in the years 2005 and 2006 and Phase B, Section 2 (148 lots) in the years 2007 and 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 \$792,726 is reimbursable to SR Development and is included in the proceeds of the Bonds in connection with such project.

In 2008, TSWG 130, L.L.C. (“TSWG130”), was formed by William Gurasich and Tim Chambers. In June 2009, TSWG130 purchased approximately 28.89 acres, known as the Linda Vista Tract, zoned for general retail/commercial and light industrial/commercial, and an approximate 3.03 acre adjoining parcel from the City of Austin. In December 2009, approximately 34 acres, including the 28.89 acre Linda Vista tract, the 3.03 acre parcel and another approximate 2.8 acre parcel, were annexed into the District, thus the total acreage in the District increased to 838.48 acres.

Of the total 838.48 acres in the District, approximately 295.17 acres are zoned for commercial/industrial 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 6,500 square foot gas station and a neighborhood grocery/restaurants, which opened in 2013.

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.

In 2015, SR Development completed the construction of the utility facilities serving Stoney Ridge, Phase C, Sections 1 (15.90 acres; platted as 71 single family lots). Additionally, in March 2016, SR Development completed the construction of the utility facilities to serve Stoney Ridge, Phase C, Section 2 (11.70 acres; platted as 71 single family lots). As of April 27, 2016, out of the 142 lots, 73 homes are occupied or under construction. According to the Developer, KB Homes expects to sell out all 142 homes by the end of 2016.

As of March, 2016, MC Joint Venture owns approximately 274 acres, SR Development owns approximately 142 acres and TSWG130 owns approximately 34 acres in the District.

As of April 15, 2016, approximately 224 acres (or approximately 32.43% of the developable acreage) has been developed as the single family residential subdivisions of Moore’s Crossing, Section 1; Stoney Ridge, Phase A, Sections 2, 3A, 3B, 3C, 5A, 5B and 6; Stoney Ridge Phase B, Sections 1 and 2; and Stoney Ridge Phase 3, Sections 1 and 2, encompassing a total of 959 single family lots, which includes 876 completed single family homes, 21 homes under construction, and 62 developed vacant single family lots. Commercial development within the District includes a 10,000 square foot retail center on approximately 2 acres. The District also contains a Del Valle Independent School District elementary school on approximately 17.10 acres. An additional 11 acres are deed for civic/public uses.

The chart on the following page reflects the status of development as of April 15, 2016.

[The chart appears on the following page]

Section	Acreage	Platted Lots	Completed Homes	Homes Under Construction	Vacant Lots
A. Single Family Developed with Utility Facilities					
Moore's Crossing (Section 1) Stoney Ridge, Phase A	28.70	115	115	-	-
Section 2	11.30	43	43	-	-
Section 3A	12.10	54	54	-	-
Section 3B	12.20	50	50	-	-
Section 3C	9.90	40	40	-	-
Section 5A	12.40	62	62	-	-
Section 5B	14.20	72	68	-	4
Section 6	12.50	58	58	-	-
Stoney Ridge, Phase B					
Section 1	35.40	175	175	-	-
Section 2	28.60	148	148	-	-
Stoney Ridge, Phase C					
Section 1	15.90	71	63	-	8
Section 2	11.70	71	-	21	50
Total Single Family Developed with Utilities	204.90	959	876	21	62
B. Other Developed with Utility Facilities					
Commercial ^(a)	2.00				
Del Valle ISD Elementary School	17.10				
Total Other Developed with Utility Facilities	19.10				
C. Total Developed with Utility Facilities	224.00	959	876	21	62
D. Remaining Developable Acreage					
Single-Family Residential	173.61				
Commercial	293.17				
Total Remaining Developable Acreage	466.78				
E. Undevelopable Acreage	147.70				
Total District Acreage	838.48				

Development of Surrounding Areas

Below is information provided by SR Development regarding the development of the area 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

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. SH 130 parallels I-35 east of Austin and is intended to relieve the Interstate's traffic volume through the San Antonio-Austin corridor by serving as an alternate route. 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. SH 130 bisects the District from Elroy Road to McAngus Road and serves as a major north-south expressway. 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 in an east-west direction, is four to six lanes with a divided median. SR Development and Travis County jointly paid approximately \$4.5 million for this improvement.

Austin-Bergstrom International Airport

Austin-Bergstrom International Airport's ("Austin-Bergstrom") public entrance is four miles from the District on Hwy 71. 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. 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. Expansion to Austin-Bergstrom includes a civilian commercial aviation Terminal II at the southern boundary with an entry on Burleson Road, which opened in 2014.

Armed Forces Reserve Training Center

An armed forces training and vehicle maintenance facility was constructed in 2012 on approximately 60 acres on the southern border of Austin-Bergstrom. The training center is located approximately one mile from the District, on Emma Browning Avenue, the entrance to Austin-Bergstrom's civilian aviation Terminal II. The Armed Forces Reserve Center and Joint Vehicle Maintenance Facility serves 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 use the facility. The project includes a 209,000-square-foot building with classrooms, assembly halls, a commercial kitchen and storage, including arms vaults, and a separate 75,830 square foot vehicle maintenance facility.

Formula-1 Circuit of Americas Race Track and Events Center

Formula One World Championship Limited and Formula One Management Limited (together, the F1 Commercial Rights Holder) announced an 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 of the facility is complete and the first Grand Prix™ race took place in 2012.

Future Development

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 the ability to sell lots and/or property and of any homebuilder 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 system required to service such undeveloped acreage may be financed by future District bond issues, if any, and developer contributions, if any, as required by the TCEQ. The District's Engineer estimates that the \$19,580,000 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 their 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. According to the Developer, a total of 625 additional home sites and 30 acres of commercial are being processed by the City for immediate construction.

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. To date, 600 homes within the development qualify under the affordable language of the Creation Agreement.

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 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 the bonds issued by a district.

Description of the Developer

The owners of the property within the District are: (i) SR Development, Inc., a Subchapter S Texas Corporation with William Gurasich as the sole director and President; (ii) MC Joint Venture comprised of William Gurasich, individually and BC Partnership, a Texas general partnership, comprised of William Chambers and Timothy Chambers, individually; and (iii) TWSG130, a general partnership, composed of William Gurasich and Timothy Chambers, individually. Land within the District is being developed by SR Development, Inc. ("SR Development" or the "Developer").

In 1998 Mr. Gurasich, the sole director and President of SR Development pled 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.

The Developer is not responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District. The Developer has no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the Developer's financial condition is subject to change at any time.

Acquisition and Development Financing

Acquisitions financing for MC Joint Venture was funded by cash. Acquisition financing for SR Development was funded through notes (the "Notes" or, individually, the "Note") from SR Development to MC Joint Venture and cash. Two of the Notes have been fully repaid, and one outstanding Note matures December 31, 2019. The Note is subordinate to the development financing loan, described herein, and at March 2016, had a principal balance of \$10,600,000. Security for the Note includes proceeds from the sale of lots, subdivided small parcels, customized corporate sales and all bond reimbursements.

According to the Developer, SR Development has two outstanding loans with local banks related to the development of projects within the District. According to SR Development, the status of the two loans as of April 2016 is as follows:

<u>Project</u>	<u>Bank</u>	<u>Amount of Loan</u>	<u>Type of Loan</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Status</u>
1. Infrastructure and Engineering	First State Bank Central Texas	\$1,465,000	Development Loan	Summer 2016	\$999,337	Current
2. Engineering/Processing	American Bank	\$150,000	Line of Credit	January 2017	\$103,000	Current

According to SR Development, it is in compliance with all material terms and conditions of the loans.

Homebuilders within the District

According to the Developer, KB Homes and DR Horton are currently active homebuilders within the District. The homes range in price from \$183,995 to \$223,995, with square footage ranging from 1,516 to 2,898 for KB Homes.

Utility Construction Agreement

The District has entered into a utility construction agreement with the Developer governing the development of water, wastewater and drainage facilities on land within the District and the reimbursement for certain of the costs of such development through the issuance of bonds by the District.

Agricultural Waiver

A portion of the undeveloped acreage within the District is subject to an agricultural exemption; however, the Developer has executed an agreement, which is recorded in the real property records of Travis County, and is a covenant running with the land, waiving the right to have some of the land located within the District classified as agricultural, open-space or timberland. In addition, the Developer has waived the right to have the lots and houses (if any) classified as business inventory. Such agreement may not be modified without the approval of the TCEQ and is binding on purchasers of such land from the developer. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

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 new money 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, Travis County, and the City of Austin. 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 District's waterworks and wastewater facilities is subject to regulation by, among others, the US Environmental Protection Agency and the TCEQ. The rules and regulations promulgated by these agencies change periodically and are subject to further development and revision. The TCEQ makes annual inspections of the water and wastewater systems to assure compliance with their rules.

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 75 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.

Storm Drainage

The storm drainage system that serves the District consists of curb and guttered streets and storm sewers. The collected storm water runoff is routed through detention and water quality ponds, thence into tributaries of Dry Creek and Onion Creek, and ultimately to the Colorado River.

100-Year Flood Plain

According to the District's Engineer, approximately 100 acres of undeveloped land within the District are located within the 100-year flood plain, as identified by the Federal Flood Insurance Administration Rate Map No. 48453C0280H for Travis County, Texas, dated September 26, 2008. No lots are developed nor are any expected to be developed on the approximately 100 acres that are located within the boundary of the 100-year Flood Plain.

Water, Wastewater and Drainage Operations - Rate and Fee Schedule - Table 1

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 the sanitary sewer and drainage tap fee is currently \$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. Reference is made to such statements for further and more complete information. Also see "Appendix A – Audited Financial Statements."

	Fiscal Year Ended				
	2/29/2016^(a)	9/30/2015^(b)	9/30/2014^(b)	9/30/2013^(b)	9/30/2012^(b)
REVENUES					
Property taxes, including penalties	\$ 374,494	\$ 253,873	\$ 167,123	\$ 154,423	\$ 186,632
Drainage Fees	6,750	14,850	5,400	14,850	-
Interest	720	1,435	1,651	2,028	2,852
Other	-	-	-	-	-
TOTAL REVENUES	\$ 381,965	\$ 270,158	\$ 174,174	\$ 171,301	\$ 189,484
EXPENDITURES					
Repairs & Maintenance	\$ 1,650	\$ 27,910	\$ 4,904	\$ 8,115	\$ 2,679
Chemicals	-	9,389	38,358	48,365	38,095
Utilities/Telephone	-	4,339	8,123	7,709	5,360
Security Lights	3,251	10,138	10,031	9,388	7,315
Landscape Maintenance	10,957	22,275	22,275	21,749	28,449
Director's Fees	4,683	8,558	8,720	8,397	9,366
Management Fees	-	6,353	12,706	12,664	12,375
Legal Fees	25,515	43,825	36,478	23,789	28,448
Engineering Fees	4,485	10,465	8,483	6,435	5,590
Audit Fees	12,500	12,500	14,500	12,000	11,500
Bookkeeping Fees	13,262	25,183	23,667	19,254	17,556
Tax Appraisal/Collection	3,561	5,203	4,443	1,047	1,120
Insurance	1,834	1,998	1,850	1,699	1,268
Other	5,367	15,099	12,601	11,355	13,029
TOTAL EXPENDITURES	\$ 87,065	\$ 203,235	\$ 207,139	\$ 191,966	\$ 182,150
NET REVENUES (DEFICIT)	\$ 294,900	\$ 66,923	\$ (32,965)	\$ (20,665)	\$ 7,334
Beginning Fund Balance	\$ 388,517	\$ 321,594	\$ 354,559	\$ 375,224	\$ 367,890
Plus / (Less): Fund Transfers	(60,423)	-	-	-	-
Ending Fund Balance	\$ 622,994	\$ 388,517	\$ 321,594	\$ 354,559	\$ 375,224

(a) Unaudited as of February 29, 2016. Represents 5 months of the District's current fiscal year.

(b) Audited.

PROJECTED DEBT SERVICE REQUIREMENTS – TABLE 3

**Moore's Crossing Municipal Utility District
\$4,325,000**

Unlimited Tax Bonds, Series 2016

Dated Date: August 16, 2016

First Interest Payment Due: March 1, 2017

Year Ending 31-Dec	Outstanding Bonds				The Bonds*				Projected Total Debt Service Requirements	
	Principal Due (09/01)	Interest		Total	Principal (Due 9/01)	Interest		Principal and Interest		
		Due (03/01)	Due (09/01)			Due (03/01)	Due (09/01)			Total
2016	\$ 370,000	\$ 99,929	\$ 99,929	\$ 569,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 569,858
2017	385,000	95,579	95,579	576,158	5,000	105,422	97,313	202,734	207,734	783,892
2018	415,000	90,809	90,809	596,618	5,000	97,200	97,200	194,400	199,400	796,018
2019	310,000	85,170	85,170	480,340	5,000	97,088	97,088	194,175	199,175	679,515
2020	320,000	80,626	80,626	481,253	5,000	96,975	96,975	193,950	198,950	680,203
2021	350,000	75,545	75,545	501,090	5,000	96,863	96,863	193,725	198,725	699,815
2022	360,000	69,483	69,483	498,965	5,000	96,750	96,750	193,500	198,500	697,465
2023	375,000	63,193	63,193	501,385	5,000	96,638	96,638	193,275	198,275	699,660
2024	410,000	56,330	56,330	522,660	5,000	96,525	96,525	193,050	198,050	720,710
2025	425,000	48,575	48,575	522,150	5,000	96,413	96,413	192,825	197,825	719,975
2026	435,000	40,263	40,263	515,525	5,000	96,300	96,300	192,600	197,600	713,125
2027	475,000	31,313	31,313	537,625	5,000	96,188	96,188	192,375	197,375	735,000
2028	360,000	21,438	21,438	402,875	5,000	96,075	96,075	192,150	197,150	600,025
2029	175,000	13,750	13,750	202,500	50,000	95,963	95,963	191,925	241,925	444,425
2030	175,000	9,375	9,375	193,750	450,000	94,838	94,838	189,675	639,675	833,425
2031	200,000	5,000	5,000	210,000	475,000	84,713	84,713	169,425	644,425	854,425
2032	-	-	-	-	500,000	74,025	74,025	148,050	648,050	648,050
2033	-	-	-	-	500,000	62,775	62,775	125,550	625,550	625,550
2034	-	-	-	-	525,000	51,525	51,525	103,050	628,050	628,050
2035	-	-	-	-	575,000	39,713	39,713	79,425	654,425	654,425
2036	-	-	-	-	575,000	26,775	26,775	53,550	628,550	628,550
2037	-	-	-	-	615,000	13,838	13,838	27,675	642,675	642,675
	<u>\$ 5,540,000</u>	<u>\$ 886,375</u>	<u>\$ 886,375</u>	<u>\$ 7,312,750</u>	<u>\$ 4,325,000</u>	<u>\$ 1,712,597</u>	<u>\$ 1,704,488</u>	<u>\$ 3,417,084</u>	<u>\$ 7,742,084</u>	<u>\$ 15,054,834</u>

* Interest estimated at 4.50% for purposes of illustration.

**FINANCIAL STATEMENT
(Unaudited)**

Assessed Value – Table 4

2015 Certified Assessed Valuation		\$ 98,565,339 ^(a)
2016 Preliminary Assessed Valuation		\$113,265,493 ^(b)
Gross Debt Outstanding (after issuance of the Bonds)		\$ 9,865,000 ^(c)
Ratio of Gross Debt to 2015 Certified Assessed Valuation		10.01%
Ratio of Gross Debt to 2016 Preliminary Assessed Valuation		8.71%
2015 Tax Rate		
	Debt Service	\$ 0.5446
	Maintenance	<u>0.3878</u>
	Total 2015 Tax Rate	<u><u>\$ 0.9324</u></u> ^(d)
Debt Service Fund Balance (as of March 15, 2016)		\$ 628,233 ^(e)

Area of District: 838.48 acres
Estimated Population as of April 15, 2016: 3,066 ^(g)

- (a) The certified assessed valuation as of January 1, 2015, as provided by TCAD. See "TAXING PROCEDURES."
 (b) The preliminary assessed valuation as of January 1, 2016, as provided by TCAD, is included solely for purposes of illustration. No taxes will be levied on this assessed value unless it is certified by TCAD.
 (c) Includes the Bonds.
 (d) The District levied a 2015 tax rate of \$0.9324 at its meeting in September 2015. See "TAXING PROCEDURES."
 (e) Unaudited as of April 11, 2016. Does not include approximately twenty-four months of capitalized interest (\$389,250) 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 Order requires that the District maintain any particular sum in the District's Debt Service Fund.
 (f) Based upon 3.5 residents per completed and occupied single family home.

Unlimited Tax Bonds Authorized but Unissued - Table 5

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/3/1987	Water, Wastewater and Drainage	\$ 32,000,000	\$ 12,420,000 ^(a)	\$ 19,580,000

- (a) Includes the Bonds.

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Outstanding Bonds - Table 6

Dated Date	Purpose	Original Series	Original Principal Amount	Principal Amount Outstanding after the Issuance of the Bonds
A. New Money Bonds				
12/01/98	Water, Sanitary Sewer & Drainage	1998	\$ 1,425,000	\$ -
10/01/03	Water, Sanitary Sewer & Drainage	2003	1,670,000	-
06/01/05	Water, Sanitary Sewer & Drainage	2005	3,000,000	-
10/01/11	Water, Sanitary Sewer & Drainage	2011	2,000,000	1,850,000
08/16/16	Water, Sanitary Sewer & Drainage	2016	4,325,000	4,325,000 ^(a)
	Subtotal		\$ 12,420,000	\$ 6,175,000
B. Refunding Bonds				
03/01/04	Refunding	2004	\$ 1,324,999	\$ -
08/01/12	Refunding	2012	3,835,000	3,690,000
	Subtotal		\$ 5,159,999	\$ 3,690,000
	Total		\$ 17,579,999	\$ 9,865,000

(a) Includes the Bonds.

Cash and Investment Balances - Table 7^(a)

General Fund	\$ 621,758
Debt Service Fund	628,233 ^(b)
Capital Projects Fund	1

(a) Unaudited as of March 15, 2016.

(b) 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 Order 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) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFIA") (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (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 the State of Texas; (9) 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; (10) 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; (11) 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 (12) 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. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (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 (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

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

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

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund, groups methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

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

local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments - Table 8

The District, at March 15, 2016 is invested in Money Market and Certificates of Deposit, as shown below. 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 investment, except those in which securities are not used as evidence of the investment. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each 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 March 15, 2016
Cash	\$	9,958
Money Market		805,033
Certificates of Deposit		435,000
Total Investments	\$	1,249,992

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 Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes of debt service and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Body	Total Tax Supported Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	\$ 627,146,497	4/1/2016	0.072%	\$ 448,892
Del Valle Independent School District	195,464,999	4/1/2016	2.415%	4,720,590
Austin Community College District	245,488,659	4/1/2016	0.062%	152,030
Travis County ESD. No. 11	-	4/1/2016	11.526%	-
Travis County Healthcare District	11,355,000	4/1/2016	0.072%	8,123
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 5,329,634
The District ^(a)	\$ 9,865,000	8/16/2016	100.00%	\$ 9,865,000
TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT				\$ 15,194,634
Ratio of Estimated and Overlapping Debt to 2015 Certified Assessed Valuation				15.42%
Ratio of Estimated Overlapping Debt & Direct Debt to 2016 Preliminary Assessed Valuation				13.42%

(a) Include the Bonds.

Overlapping Taxes for 2015

Overlapping Entity	2015 Tax Rate Per	
	\$100 Assessed Valuation Travis County	Average Tax Bill ^(a) Travis County
Travis County	\$0.416900	\$ 453
Del Valle Independent School District	1.530000	1,661
Austin Community College District	0.100500	109
Travis County ESD. No. 11	0.100000	109
Travis County Healthcare District	0.117781	128
The District	<u>0.932400</u>	<u>1,012</u>
Total	<u>\$3.197581</u>	<u>\$ 3,472</u>

(a) Based upon the 2015 average taxable single-family home value of \$108,567, as provided by TCAD.

TAX DATA

Classification of Assessed Valuation - Table 9 ^(a)

Type Property	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
Single Family	\$107,110,074	88.85%	\$ 82,094,425	87.07%	\$ 67,956,652	89.94%
Vacant Lots	376,500	0.31%	318,100	0.34%	481,500	0.64%
Acreage (Non-Ag)	1,040,553	0.86%	1,006,740	1.07%	-	0.00%
Acreage (Ag)	4,881,263	4.05%	5,328,464	5.65%	5,044,835	6.68%
Commercial Personal	364,563	0.30%	97,430	0.10%	15,504	0.02%
Utilities	9,644	0.01%	9,644	0.01%	10,593	0.01%
Farm & Ranch Improvements	1,252,306	1.04%	1,056,349	1.12%	648,723	0.86%
Residential Inventory	1,687,223	1.40%	578,922	0.61%	603,000	0.80%
Totally Exempt Property	<u>3,832,690</u>	<u>3.18%</u>	<u>3,795,429</u>	<u>4.03%</u>	<u>800,466</u>	<u>1.06%</u>
Total	<u>\$120,554,816</u>	<u>100.00%</u>	<u>\$ 94,285,503</u>	<u>100.00%</u>	<u>\$ 75,561,273</u>	<u>100.00%</u>

(a) Assessed Valuation reflects the adjusted value at September 30th of each respective year as included in the audited financial statement.

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Tax Collections - Table 10

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. Such summary has been prepared by the Financial Advisor for inclusion herein based upon information from District audits and records of the District's Tax Assessor/Collector. Reference is made to such audits and records for further and more complete information.

Tax Year	Assessed Valuation (a)	Tax Rate	Tax Levy	Current Collections		Total Collections		Year Ending
				Amount	%	Amount	%	
2000	24,737,299	0.7300	180,582	180,335	99.86%	180,582	100.00%	9/30/2001 ^(b)
2001	27,887,911	0.7300	203,582	203,581	100.00%	203,582	100.00%	9/30/2002 ^(b)
2002	37,463,116	0.7300	273,481	273,481	100.00%	273,481	100.00%	9/30/2003 ^(b)
2003	37,711,849	0.7300	275,296	273,897	99.49%	275,296	100.00%	9/30/2004 ^(b)
2004	43,835,263	0.7300	319,997	318,219	99.44%	319,997	100.00%	9/30/2005 ^(b)
2005	47,814,799	0.7300	349,048	348,688	99.90%	349,048	100.00%	9/30/2006 ^(b)
2006	59,847,121	0.7300	436,884	432,474	98.99%	436,884	100.00%	9/30/2007 ^(b)
2007	69,376,054	0.7595	526,911	524,513	99.54%	526,911	100.00%	9/30/2008 ^(b)
2008	80,076,795	0.7595	608,307	600,957	98.79%	608,294	100.00%	9/30/2009 ^(b)
2009	84,077,000	0.7595	638,565	635,344	99.50%	638,552	100.00%	9/30/2010 ^(b)
2010	71,123,909	0.9100	641,991	639,886	99.67%	641,975	100.00%	9/30/2011 ^(b)
2011	74,757,009	0.9100	679,228	676,280	99.57%	679,213	100.00%	9/30/2012 ^(b)
2012	67,730,410	0.9900	670,689	665,466	99.22%	669,328	99.80%	9/30/2013 ^(b)
2013	67,726,265	0.9900	670,388	667,129	99.51%	669,194	99.82%	9/30/2014 ^(b)
2014	80,660,685	0.9580	782,432	774,349	98.97%	780,040	99.69%	9/30/2015 ^(b)
2015	98,281,091	0.9324	919,814	897,931	97.62%	897,931	97.62%	9/30/2016 ^(c)

- (a) Assessed Valuation reflects the adjusted value at September 30th of each respective year as included in the audited financial statement.
- (b) Audited.
- (c) Unaudited. Reflects tax collections through February 29, 2016. Taxes were due with no penalty by January 31, 2016.

District Tax Rates - Table 11

	Tax Rates per \$100 Assessed Valuation				
	2015	2014	2013	2012	2011
Debt Service	\$ 0.5446	\$ 0.6478	\$ 0.7443	\$ 0.7623	\$ 0.6607
Maintenance	0.3878	0.3102	0.2457	0.2277	0.2493
Total	\$ 0.9324	\$ 0.9580	\$ 0.9900	\$ 0.9900	\$ 0.9100

Tax Rate Limitation

The District's tax rate for debt service on the Bonds is legally unlimited as to rate and 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, maintaining, repairing and 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 that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that 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 2015 maintenance and operation tax of \$0.3878/\$100 assessed valuation. See "THE DISTRICT – General."

Principal Taxpayers - Table 12

The following list of principal taxpayers was provided by TCAD based on the 2015, 2014 and 2013 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Name	Type of Property	2015	2014	2013
S.R. Development, Inc.	Land & Improvements	\$ 2,908,128	\$ 2,712,171	\$ 2,793,383
KB Home Lone Star LP	Land & Improvements	1,732,223	(a)	(a)
Saja Investments, Inc.	Land & Improvements	1,281,001	1,006,740	(a)
M C Joint Venture	Land & Improvements	327,313	328,313	164,156
Individual Homeowner	Land & Improvements	299,109	236,767	179,500
American Homes 4 Rent Properties Two LLC	Land & Improvements	243,915	228,548	(a)
DKJS Re Vision Investments LLC	Land & Improvements	227,924	189,710	163,698
Individual Homeowner	Land & Improvements	192,958	(a)	160,583
Individual Homeowner	Land & Improvements	189,743	(a)	(a)
DWJ Holdings LLC	Land & Improvements	(a)	195,066	187,984
Continental Homes of Texas LP	Land & Improvements	(a)	(a)	589,600
Secretary of Housing & Urban Development	Land & Improvements	(a)	(a)	389,492
Individual Homeowner	Land & Improvements	(a)	(a)	140,313
Individual Homeowner	Land & Improvements	(a)	(a)	138,692
Individual Homeowner	Land & Improvements	(a)	176,742	(a)
Individual Homeowner	Land & Improvements	(a)	175,558	(a)
Individual Homeowner	Land & Improvements	(a)	170,469	(a)
Total		<u>\$ 7,402,314</u>	<u>\$ 5,420,084</u>	<u>\$ 4,907,401</u>
Percent of Assessed Valuation		7.53%	6.72%	7.25%

(a) Not a principal taxpayer in respective year.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation from the 2015 Certified Assessed and 2016 Preliminary Assessed Valuation, and utilize tax rates adequate to service the District's total projected debt service requirements, including the Bonds (at an estimated interest rate of 4.50% per annum). No available debt service funds are reflected in these computations. See "RISK FACTORS – Maximum Impact on District Tax Rates."

Projected Average Requirement on the Bonds (2017 through 2037)	\$689,761
\$0.74 Tax Rate on 2015 Certified Assessed Valuation of \$98,565,339 @ 95% collections produces	\$692,914
\$0.65 Tax Rate on 2016 Preliminary Assessed Valuation of \$113,265,493 @ 95% collections produces	\$699,414
Projected Maximum Requirement on the Bonds (2031)	\$854,425
\$0.92 Tax Rate on 2015 Certified Assessed Valuation of \$98,565,339 @ 95% collections produces	\$861,461
\$0.80 Tax Rate on 2016 Preliminary Assessed Valuation of \$113,265,493 @ 95% collections produces	\$860,818

Debt Service Fund Management Index

Debt Service Requirements for year ending 12/31/16.....	\$569,858 ^(a)
Audited Debt Service Fund Balance as of 9/30/15.....	201,001 ^(b)
Capitalized Interest included in Bond proceeds	389,250 ^(c)
2015 Tax Levy @ 95% collections produces	<u>508,477 ^(d)</u>
Total Available for Debt Service.....	<u>\$1,098,728</u>
Projected Debt Service Fund Balance as of September 30, 2016.....	\$528,870

- (a) Interest requirements on the Bonds begin March 1, 2017.
- (b) Audited. Represents debt service fund balance after all 2015 debt service requirements have been paid.
- (c) Preliminary; subject to change. Represents approximately two years of capitalized interest which is projected to be deposited into the Debt Service Fund from proceeds of the Bonds at closing.
- (d) The District levied a 2015 debt service tax rate of \$0.5446.

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, its other remaining outstanding bonds, and any additional bonds 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 - Tax Rate Limitation."

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 here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. 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").

Property Subject to Taxation by the District

General: Except for certain exemptions provided by State law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by TCAD to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: property owned by the State 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 interest with a taxable value of less than \$500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain non-profit cemeteries, farm products owned by the producer; and certain property owned by qualified charitable, religious, veterans, youth, or fraternal organizations. 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. Article VIII, Section 1-a of the Texas Constitution grants a \$3,000 homestead exemption for all homesteads taxed by counties for farm-to-market roads and flood control purposes. Property owned by a disabled veteran or by the 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. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. The surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation on the same or subsequently qualified homestead of the total appraised value of the same property to which the disabled veteran's exemption applied. Also partially exempt 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 Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Tax Abatement: Travis County and the District may enter into tax abatement agreements with owners of real property. 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 the 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.

Freeport Goods and Goods-in-Transit Exemption: Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the state for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and outboard motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only a freeport exemption or a goods-in-transit exemption 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 TCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its 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 TCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in TCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by 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 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 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 residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

District's Rights In The Event Of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property 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 2015". 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 property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "RISK FACTORS - General - Tax Collections and Foreclosure Remedies."

Effect of FIRREA on Tax Collections

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" ("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 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 lien 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 property taxes when due and (iii) notwithstanding the failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the 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 owned by the FDIC in the District, and may prevent the collection of penalties and interest on such taxes.

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

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

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

No-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") (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See "APPENDIX C -- 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 property financed or refinanced with the proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the 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 subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by Section 55 of the Code.

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 "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 that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then**

such obligations might fail to satisfy the \$10,000,000 limitation and the Bonds would not be “qualified tax-exempt obligations.”

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated 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, if such audited financial statements in Appendix A are then available. 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 within twelve months after any such fiscal year, the District will file unaudited financial statements and file 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.

Notice of Certain Events

The District will provide notice to the MSRB of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws: (1) non-payment related defaults; (2) modifications to rights of bondholders; (3) Bond calls; (4) release, substitution, or sale of property securing repayment of the Bonds; (5) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and (6) appointment of a successor or additional trustee or the change of name of a trustee.

The District will also provide notice to the MSRB of any of the following events with respect to the Bonds without regard to whether such event is considered material within the meaning of the federal securities laws; (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of the District (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District).

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

Availability of Information from the MSRB

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

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

Limitations and Amendments

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

The Developer has agreed to provide to the District the information that the District has agreed to provide with respect to the Developer. The Developer has also agreed with the District that it will not assign any of its rights to receive payment from the District out of proceeds of the Bonds (except as collateral), unless the assignee assumes the Developer's agreement to provide such information, but the Developer may sell its property within the District without any such assumption. The District's ability to provide information about the Developer or others, as well as the accuracy and completeness of such information, is completely dependent on such persons' compliance with their contractual agreements with the District.

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

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Public Finance Group LLC (the "Financial Advisor"), which firm was employed in 2014 as Financial Advisor to the District. The fees paid to 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.

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 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 in addition to the Financial Advisor.

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

Auditor: The District's financial statements for fiscal year ending September 30, 2015 were audited by Maxwell, Locke & Ritter LLP, Certified Public Accountants, and excerpts of the District's Audited Financial Statements as of September 30, 2015 have been included as Appendix A in reliance upon such firm's authority in the field of accounting.

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 and Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described in the Notice of Sale under the heading "DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS - Delivery." The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Initial Purchaser provides written notice 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.

Certification as to Official Statement

The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the "end of the underwriting period" is the responsibility of the Initial Purchaser.

Official Statement "Deemed Final"

For purposes of compliance with the Rule, 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 the Rule.

Annual Audits

Under Texas 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 so long as the District has bond outstanding. 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 prescribed charges.

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.

Charles H. Scott
President, Board of Directors
Moore's Crossing Municipal Utility District

Michelle Bolin
Secretary, Board of Directors
Moore's Crossing Municipal Utility District

PHOTOGRAPHS

The following photographs were taken in the District. The homes 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, 2015. 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