

Northwoods Avery Ranch, LLC
7811 Ranch Road 2338
Georgetown, TX 78633

December 11, 2017

Northwoods Road Improvement District No. 1
c/o Williamson County Auditor's Office
710 S. Main St, Ste 301
Georgetown, TX 78626

RE: \$9,500,000 Northwoods Road District No. 1 Unlimited Tax Road Bonds Series 2017 (the "Bonds")

Ladies and Gentlemen:

The undersigned, Northwoods Avery Ranch, LLC ("Developer"), hereby requests and instructs Northwoods Road District No.1 to disburse and distribute a portion of the funds payable to the Developer from the above-referenced Bonds by wire transfer to the following account:

Send wire to:

IBC Bank, Laredo, TX
Routing Number [REDACTED]
Account No.: [REDACTED]

Credit to:

Northwoods Avery Ranch LLC
500 West 5th Street, Suite 1210
Austin, TX 78701

Under this request, the Developer seeks partial distribution of net proceeds of the Bonds in the amount of \$5,000,000 for partial reimbursement of eligible costs relating to road improvements, and improvements in aid thereof, in accordance with the terms and conditions of the Development Agreement dated March 22, 2011. This represents only a portion of the eligible costs previously incurred by the Developer that are eligible for reimbursement under the Development Agreement.

Pursuant to our discussions with the Williamson County Auditor's Office, the Developer is in the process of preparing additional documentation to substantiate the eligibility of additional costs and expenses to be reimbursed with the proceeds of the Bonds. Based on such discussions, we anticipate that the remaining net proceeds of the Bonds will be distributed in January, 2018, and that additional bonds will be issued by the District for subsequent reimbursement upon completion of the Lakeline Boulevard road improvements.

By making this request for partial distribution of bond proceeds, the Developer does not waive, and reserves for all purposes, its rights to additional reimbursement from the proceeds of the Bonds and future bonds issued by the District in accordance with the terms of the.

If you have any questions about this matter, please contact Mr. Gary Newman at 512-751-3337.

Sincerely,

Gary L. Newman

Gary L. Newman, Manager
Northwoods Avery Ranch, LLC



AUDITOR'S OFFICE
Williamson County Courthouse
710 Main Street, Suite 301
Georgetown, Texas 78626
Phone: 512/943-1500
Fax: 512/943-1567

December 19, 2017

Northwoods Road Improvement District No. 1
Williamson County
Georgetown, Texas

A partial review has been completed with respect to the amount to be reimbursed to the developer. The procedures performed are summarized below:

1. Information for the costs to be reimbursed to the developer was obtained from in-depth review of reimbursable costs. This information included invoices paid by the developer on behalf of the District, related proof of payment documents, and contracts.
2. Review of construction and other significant documents.
3. Review with District's consultants, including engineers and attorneys, regarding eligibility of items submitted for reimbursement.

As a result of these procedures, costs totaling \$7,483,585.82 have been substantiated; therefore, the developer request of \$5,000,000 is eligible for reimbursement.

Respectfully,

Jalyn Morris, CIA, CGAP
Assistant Internal Audit Director