

## **NOTICE TO THE PUBLIC**

### **AVERY RANCH ROAD DISTRICT No. 1** **PEARSON PLACE ROAD DISTRICT** **NORTHWOODS ROAD DISTRICT No. 1**

**OCTOBER 30TH, 2018**  
**10:00 A.M.**

The Commissioner's Court of Williamson County, Texas pursuant to V.A.C.S. art. 6702-1, acting as ex-officio road commissioners of their respective precincts, will meet in regular session on Tuesday, October 30th, 2018, at 10:00 a.m. or immediately following special session, the place being the Commissioner's Courtroom, 710 Main Street, in Georgetown, Texas to consider the following items:

1. Review and approval of minutes.
2. Discuss, consider and take appropriate action on approving road district collections for the month of September 2018 for the Williamson County Tax Assessor/Collector.
3. Discuss and take appropriate action on the Avery Ranch Road District, the Pearson Place Road District and the Northwoods Road District including, but not limited to payment of bills.
4. Consideration and action with respect to "Resolution Approving Preliminary Official Statement and Authorizing Distribution of such Preliminary Official Statement and Engagement of Consultants Relating to Northwoods Road District No. 1 Unlimited Tax Road Bonds, Series 2018."

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Dan A. Gattis, County Judge

**Road District**

**Meeting Date:** 10/30/2018

Road District Collections – September 2018

**Submitted For:** Larry Gaddes

**Submitted By:** Cathy Atkinson, County Tax Assessor Collector

**Department:** County Tax Assessor Collector

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**Information**

**Agenda Item**

2. Discuss, consider and take appropriate action on approving road district collections for the month of September 2018 for the Williamson County Tax Assessor/Collector.

**Background**

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**Fiscal Impact**

From/To	Acct No.	Description	Amount
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**Attachments**

[090118-093018 Road Dist](#)

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**Form Review**

**Inbox**

County Judge Exec Asst.

Form Started By: Cathy Atkinson

Final Approval Date: 10/11/2018

**Reviewed By**

Wendy Coco

**Date**

10/11/2018 12:28 PM

Started On: 10/11/2018 11:11 AM

**YEAR TO DATE - COLLECTION REPORT**  
**Williamson County Road Districts**  
**September 30, 2018**

<b>Avery Ranch Road District</b>	Annual Assessment Liens	Adjustments	Adjusted Assessment Liens	Current Tax Collected	Penalty & Interest Collected	Variance	Uncollected Balance	YTD Collected	YTD Percent Collected	YTD Percent Collected w/P&I	YTD Percent Collected w/P&I & Prior Years
2017	\$1,233,610.86	(\$488.13)	\$1,233,122.73	\$227.42	\$45.48	\$0.00	\$495.69	\$1,232,627.04	99.96%	100.08%	99.96%
2016 & Prior	\$3,436.00	(\$1,587.05)	\$1,848.95	\$0.00	\$0.00	\$0.00	\$3,405.00	(\$1,556.05)	-84.16%	-83.89%	
<b>Total All</b>	<b>\$1,237,046.86</b>	<b>(\$2,075.18)</b>	<b>\$1,234,971.68</b>	<b>\$227.42</b>	<b>\$45.48</b>	<b>\$0.00</b>	<b>\$3,900.69</b>	<b>\$1,231,070.99</b>	<b>99.68%</b>	<b>99.81%</b>	

<b>Pearson Place Road District</b>	Annual Assessment Liens	Adjustments	Adjusted Assessment Liens	Current Tax Collected	Penalty & Interest Collected	Variance	Uncollected Balance	YTD Collected	YTD Percent Collected	YTD Percent Collected w/P&I	YTD Percent Collected w/P&I & Prior Years
2017	\$246,520.76	\$1,052.67	\$247,573.43	\$0.00	\$0.00	\$0.00	\$840.17	\$246,733.26	99.66%	99.73%	99.73%
2016 & Prior	\$82.99	\$0.00	\$82.99	\$0.00	\$0.00	\$0.00	\$82.99	\$0.00	0.00%	0.00%	
<b>Total All</b>	<b>\$246,603.75</b>	<b>\$1,052.67</b>	<b>\$247,656.42</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$923.16</b>	<b>\$246,733.26</b>	<b>99.63%</b>	<b>99.69%</b>	

<b>Northwoods Road District #1</b>	Annual Assessment Liens	Adjustments	Adjusted Assessment Liens	Current Tax Collected	Penalty & Interest Collected	Variance	Uncollected Balance	YTD Collected	YTD Percent Collected	YTD Percent Collected w/P&I	YTD Percent Collected w/P&I & Prior Years
2017	\$628,251.16	(\$29.00)	\$628,222.16	\$0.00	\$0.00	\$0.00	\$0.00	\$628,222.16	100.00%	100.12%	100.12%
2016 & Prior	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	0.00%	
<b>Total All</b>	<b>\$628,251.16</b>	<b>(\$29.00)</b>	<b>\$628,222.16</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$628,222.16</b>	<b>100.00%</b>	<b>100.12%</b>	

**Road District**

**Meeting Date:** 10/30/2018

Invoices

**Submitted For:** Melanie Denny

**Submitted By:** Melanie Denny, County Auditor

**Department:** County Auditor

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**Information**

**Agenda Item**

3. Discuss and take appropriate action on the Avery Ranch Road District, the Pearson Place Road District and the Northwoods Road District including, but not limited to payment of bills.

**Background**

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**Fiscal Impact**

From/To	Acct No.	Description	Amount
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**Attachments**

Sheets & Crossfield Invoice

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**Form Review**

**Inbox**

County Judge Exec Asst.

Form Started By: Melanie Denny

Final Approval Date: 10/23/2018

**Reviewed By**

Wendy Coco

**Date**

10/23/2018 09:01 AM

Started On: 10/22/2018 03:05 PM

**Sheets & Crossfield, P.C.**

309 E. Main St.  
Round Rock, TX 78664

(512) 255-8877

V#5700  
RK

September 30, 2018

Invoice 45934

0 • C

Williamson County  
Attn: Julie Kiley  
710 Main Street  
Georgetown, TX 78626

42 • 00 +  
126 • 00 +  
42 • 00 +

003

210 • 00 G +

Northwoods Road District

Matter ID: 1368.1002

*D > MICH*, *—, Sep 11-21/18, Prof Fees*

**Professional Fees:**

*F210*

			Hours	Amount	
09/11/18	CDC	Phone conference with Julie Kiley regarding debt issuance.	0.20	\$42.00	OK
09/14/18	CDC	Read and respond to email from Julie Kiley, Gary Newman and Angie Newman regarding Northwoods' timeline.	0.60	\$126.00	OK
09/21/18	CDC	Phone conference with Julie Kiley.	0.20	\$42.00	OK
Sub-total Fees:			1.00	\$210.00	

**Total Now Due:**

*✓ pay*  
**\$210.00**

**Timekeeper Summary**

Name	Hours	Rate	Amount
Charlie Crossfield	1.00	210.00	\$210.00

*FY17/18*

*D. Clemens*  
*\$210.00* *OK*

*✓*  
*gmk*  
*10/22/18*  
*2018*

~~01.0000 0409.004100~~  
*01.0055 0856.00 4100*  
*10/9/18*

*OK*

**04**

**Road District**

**Meeting Date:** 10/30/2018

Northwoods Road District No. 1 Unlimited Tax Road Bonds, Series 2018

**Submitted For:** Julie Kiley

**Submitted By:** Julie Kiley, County Auditor

**Department:** County Auditor

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**Information**

**Agenda Item**

4. Consideration and action with respect to "Resolution Approving Preliminary Official Statement and Authorizing Distribution of such Preliminary Official Statement and Engagement of Consultants Relating to Northwoods Road District No. 1 Unlimited Tax Road Bonds, Series 2018."

**Background**

This is to authorize the issuance of debt to reimburse the developer for expenses related to Staked Plains and Lakeline Blvd improvements within the Northwoods Road District. Garry Kimble of Specialized Public Finance will be available at the meeting to answer questions. Attached is a copy of the Resolution. The draft Preliminary Official Statement and the Bond Proforma.

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**Fiscal Impact**

From/To	Acct No.	Description	Amount
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**Attachments**

[Resolution for Northwoods Road District No. 1 Unlimited Tax Road Bonds, Series 2018](#)

[Draft Preliminary Official Statement Series 2018](#)

[Bond Proforma Series 2018](#)

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**Form Review**

**Inbox**

County Judge Exec Asst.  
Form Started By: Julie Kiley  
Final Approval Date: 10/24/2018

**Reviewed By**

Wendy Coco

**Date**

10/24/2018 11:34 AM  
Started On: 10/24/2018 11:04 AM

**RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT AND  
AUTHORIZING DISTRIBUTION OF SUCH PRELIMINARY OFFICIAL STATEMENT  
AND ENGAGEMENT OF CONSULTANTS RELATING TO NORTHWOODS ROAD  
DISTRICT NO. 1 UNLIMITED TAX ROAD BONDS, SERIES 2018**

**WHEREAS**, Williamson County, Texas has previously executed a Development Agreement dated March 22, 2011 (the "Development Agreement") with Northwoods Avery Ranch LLC, a Texas limited liability company (the "Developer"), relating to the reimbursement of the Developer through the Northwoods Road District No. 1 (the "District") for certain costs related to the construction of Staked Plains Blvd. and Lakeline Blvd. through the issuance of bonds from time to time by the District in accordance with the Development Agreement; and

**WHEREAS**, the District has authorized the District's financial advisor, Specialized Public Finance, Inc. (the "Financial Advisor"), to prepare a Preliminary Official Statement related to the issuance of the District's Unlimited Tax Road Bonds, Series 2018 (the "Bonds") to reimburse the Developer for certain costs incurred related to the widening and expansion of Staked Plains Blvd. and Lakeline Blvd.; and

**WHEREAS**, the Commissioners Court, acting in its role as the governing body of the District, deems it appropriate to approve the Preliminary Official Statement and authorize the engagement of consultants and the distribution of the Preliminary Official Statement as further set forth below.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF WILLIAMSON COUNTY, TEXAS THAT:**

**Section 1. APPROVAL AND DISTRIBUTION OF PRELIMINARY OFFICIAL STATEMENT.** The Commissioners Court, acting in its role as the governing body of the District, hereby approves the Preliminary Official Statement substantially in the form attached hereto as Exhibit "A" with such changes, additions or deletions as directed by the County Auditor. The District's Financial Advisor is hereby authorized and directed to distribute the Preliminary Official Statement and to do all things necessary to market the Bonds, including making application for ratings and bond insurance, if applicable.

**Section 2. ENGAGEMENT OF CONSULTANTS.** The Commissioners Court, acting in its role as the governing body of the District, hereby approves the engagement of: (1) Specialized Public Finance to serve as financial advisor to the District in connection with the Bonds at a fee of 1% of the principal amount of the Bonds, subject to a \$25,000 minimum, plus reasonable out-of-pocket expenses and (2) McCall, Parkhurst & Horton L.L.P. to serve as bond counsel to the District in connection with the bonds at a fee of 1% of the principal amount of the Bonds, subject to a \$25,000 minimum, issued plus reasonable out-of-pocket expenses. Fees for financial advisor and bond counsel are contingent upon the issuance of the Bonds.

**Section 3. OTHER MATTERS.** The County Judge is authorized to do all things proper and necessary to carry out the intent hereof, including the approval of appropriate changes to the Preliminary Official Statement.

**EXHIBIT A**

Preliminary Official Statement

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

## PRELIMINARY OFFICIAL STATEMENT

Dated November 19, 2018

Rating:  
Moody's: Applied For  
(See "RATING" herein)

### NEW ISSUE – Book-Entry-Only

Delivery of the Bonds is subject to the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District, 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. See "TAX MATTERS."

THE DISTRICT EXPECTS TO DESIGNATE THE BONDS AS  
"QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

\$2,345,000\*

### NORTHWOODS ROAD DISTRICT NO. 1

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

### UNLIMITED TAX ROAD BONDS, SERIES 2018

Dated: December 18, 2018

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

Interest Accrues from the Date of Initial Delivery (defined below)

**PAYMENT TERMS** . . . The \$2,345,000\* Northwoods Road District No. 1 Unlimited Tax Road Bonds, Series 2018 (the "Bonds") will be dated December 18, 2018 (the "Dated Date"). Interest on the Bonds will accrue from the Date of Initial Delivery, defined below, and will be payable on August 15, 2019 and on each February 15 and August 15 thereafter until maturity or prior redemption. The Bonds will be issued in denominations of \$5,000 of principal amount or any integral multiple thereof. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Bonds, when issued, will constitute valid and legally binding obligations of the Northwoods Road District No. 1 (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. The Bonds are not obligations of the State of Texas, Williamson County, the City of Austin or any entity other than the District.

The District intends to utilize the book-entry-only system of The Depository Trust Company, New York, New York ("DTC"), but reserves the right on its behalf or on behalf of DTC to discontinue such system. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE BONDS – Book-Entry-Only System" herein). **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

**PURPOSE** . . . Proceeds from the sale of the Bonds will be used for (i) constructing, reimbursing for the costs of constructing, acquiring by purchase, maintaining and operating macadamized, graveled or paved roads and turnpikes and related bridges, trails, drainage work and other similar improvements; (ii) funding approximately 12 months' capitalized interest on the Bonds; and (iii) paying the costs associated with the issuance of the Bonds. See "THE BONDS – Authorization and Purpose" and "THE ROAD IMPROVEMENTS."

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CUSIP PREFIX: 66860K

MATURITY SCHEDULE

See Inside Cover Page

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THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS".

**LEGALITY** . . . The Bonds are offered, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the initial Bond by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Bond Counsel, Austin, Texas. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas.

**DELIVERY** . . . It is expected that the Bonds will be available for delivery through DTC on December 18, 2018 (the "Date of Initial Delivery").

**HUTCHINSON, SHOCKEY, ERLEY & Co.**

\* Preliminary, subject to change.

## MATURITY SCHEDULE\*

<u>8/15 Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield<sup>(a)</sup></u>	<u>CUSIP Numbers<sup>(b)</sup></u>
2021	\$ 60,000			
2022	65,000			
2023	70,000			
2024	70,000			
2025	75,000			
2026	75,000			
2027	80,000			
2028	85,000			
2029	85,000			
2030	90,000			
2031	95,000			
2032	100,000			
2033	105,000			
2034	105,000			
2035	110,000			
2036	115,000			
2037	120,000			
2038	125,000			
2039	130,000			
2040	135,000			
2041	145,000			
2042	150,000			
2043	155,000			

**(Interest accrues from the Date of Initial Delivery)**

\*Preliminary, subject to change.

- (a) The initial yield represents the initial offering yield to the public, which will be determined by the Underwriter and may subsequently be changed by the Underwriter without notice to the District and is the sole responsibility of the Underwriter.
- (b) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Financial Advisor, or the Underwriter is responsible for the selection or correctness of the CUSIP numbers set forth herein.

**OPTIONAL REDEMPTION** . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2027, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof on August 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption (see “THE BONDS – Optional Redemption”). Additionally, the Bonds may be subject to mandatory redemption in the event the Underwriter elects to aggregate two or more maturities as Term Bonds.

**THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK**

## 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 Subsection (b)(1) of 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 is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchaser of the Bonds.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

None of the District, the Financial Advisor or the Underwriter make any representation regarding the information contained in this Official Statement regarding DTC or its book-entry-only system. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau for the convenience of the owners of the Bonds.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in the Official Statement pursuant to its responsibility to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, OR EXEMPTED, SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

## TABLE OF CONTENTS

OFFICIAL STATEMENT SUMMARY .....	4
SELECTED FINANCIAL INFORMATION .....	6
THE BONDS.....	7
THE DISTRICT.....	13
THE ROAD IMPROVEMENTS .....	15
INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT .....	15
FINANCIAL INFORMATION CONCERNING THE DISTRICT.....	17
TAX DATA .....	19
TAXING PROCEDURES .....	20
INVESTMENT CONSIDERATIONS.....	22
LEGAL MATTERS.....	24
TAX MATTERS .....	25
CONTINUING DISCLOSURE OF INFORMATION .....	27
LITIGATION .....	28
RATING .....	28
OTHER INFORMATION .....	28

APPENDIX A—Form of Bond Counsel’s Opinion  
PHOTOGRAPHS

## OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by more detailed information appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with the more complete information contained herein.

### THE BONDS

<i>Description</i> .....	Northwoods Road District No. 1 Unlimited Tax Road Bonds, Series 2018, in the aggregate principal amount of \$2,345,000*, mature as serial bonds on August 15 in the years 2021 through and including 2043 in the principal amounts set forth on the inside cover page. See "THE BONDS – Description."
<i>Optional Redemption</i> .....	The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2027, in whole or from time to time in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Optional Redemption." Additionally, the Bonds may be subject to mandatory redemption in the event the Underwriter elects to aggregate two or more maturities as Term Bonds.
<i>Use of Proceeds</i> .....	Proceeds from the sale of the Bonds will be used for (i) constructing, reimbursing for the costs of constructing, improving or acquiring, maintaining, financing and operating macadamized, graveled or paved roads and turnpikes and related bridges, trails, drainage work and other similar improvements; (ii) funding approximately 12 months' capitalized interest on the Bonds; and (iii) paying the costs associated with the issuance of the Bonds. See "THE BONDS – Authorization and Purpose."
<i>Authority for Issuance</i> .....	The Bonds are issued pursuant to an election held within the District on November 8, 2011, an order of the Commissioners Court of Williamson County, as governing body of the District, authorizing the issuance of the Bonds (the "Bond Order"), the Texas Constitution and the general laws of the State of Texas, including Chapter 257, Texas Transportation Code, as amended, and Chapter 1471, Texas Government Code, as amended. See "INVESTMENT CONSIDERATIONS – Future Debt," and "THE BONDS – Authorization and Purpose," and "– Issuance of Additional Debt."
<i>Source and Security for Payment</i> .....	Principal of and interest on the Bonds are payable solely from the proceeds of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property within the District. The Bonds are not secured by any other source. The Bonds are not obligations of Williamson County, the City of Austin, the State of Texas or any entity other than the District. See "THE BONDS – Source of Payment."
<i>Qualified Tax-Exempt Obligations</i> .....	The District expects to designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and has represented that the total amount of tax-exempt obligations, including the Bonds, is not reasonably expected to exceed \$10,000,000 and that it has not designated more than \$10,000,000 of qualified tax exempt obligations (including the Bonds) during calendar year 2018. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."
<i>Bond Counsel</i> .....	McCall, Parkhurst & Horton L.L.P., Austin, Texas.
<i>Financial Advisor</i> .....	Specialized Public Finance Inc., Austin, Texas.
<i>Paying Agent/Registrar</i> .....	BOKF, NA, Dallas, Texas.
<i>Investment Considerations</i> .....	THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

\*Preliminary, subject to change.

**THE DISTRICT**

*Description* ..... The District was created on August 9, 2011 by order of the Williamson County Commissioners Court (the “Commissioners Court”). The District is comprised of approximately 181.954 acres of land. See “THE DISTRICT.”

*Location* ..... The District is entirely within Williamson County, Texas (the “County”) and in the corporate limits of the City of Austin. The District includes a master planned community known as Northwoods at Avery Ranch and is generally located approximately 20 miles northwest of Austin’s central business district, directly southeast of the City of Cedar Park, and approximately 10 miles west of the City of Round Rock. The District is generally bounded by Avery Ranch to the north, TxDOT property to the west, Lakeline Boulevard to the south, and the LCRA power line easement to the east. See “THE DISTRICT.”

*The District* ..... At an election held on November 8, 2011, the sole voter within the District approved \$12,345,000 in aggregate principal amount of unlimited tax new money bonds for reimbursing for the costs of and constructing, improving or acquiring, maintaining, financing and operating macadamized, graveled or paved roads and turnpikes and related bridges, trails, drainage and other similar improvements pursuant to Section 52, Article III of the Texas Constitution, as well as unlimited tax refunding bonds in the amount of one and a half times the amount of new money bonds issued, and the levy of an unlimited ad valorem tax upon all taxable property located within the District to pay such bonds. The Bonds are secured solely by an unlimited ad valorem tax levied upon all taxable property located within the District. See “THE DISTRICT” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT – Estimated Overlapping Taxes.”

The District is comprised of approximately 181.954 acres of the master planned community known as Northwoods at Avery Ranch, which is being developed as a single-family, multi-family and commercial development. The District is located within the corporate limits of the City of Austin and all 181.954 acres lie within the Round Rock Independent School District. See “THE DISTRICT – General Description.”

*The Developer* ..... Land within the District is being developed by Northwoods Avery Ranch, LLC (the “Developer”), which was incorporated in 2010 and is based in Austin, Texas.

*Development within the District* ..... The four-lane divided arterial of Staked Plains Boulevard within the District was constructed by the Developer and is fully complete and open for road traffic. Additionally, improvements to Lakeline Boulevard are underway and expected to be completed by the end of 2018. See “THE ROAD IMPROVEMENTS.” As of September 1, 2018, water, wastewater, streets and drainage facilities have been completed to serve all phases of the development within the District. The City of Austin provides retail water and wastewater service to the District and Austin Energy provides electric service.

Development within the District is 100% complete and as of September 1, 2018 was as follows:

Total Completed Homes	521
Total Occupied Homes	513
Homes Under Construction	0
Vacant Developed Lots	0
Lots Under Development	0
Undeveloped (developable) Acreage	0

See “THE DISTRICT.”

*Payment Record* ..... The Bonds constitute the second installment of bonds issued by the District. The District previously issued one series of bonds entitled “Northwoods Road District No. 1 Unlimited Tax Road Bonds, Series 2017” (the “2017 Bonds”) and issued in the aggregate principal amount of \$8,520,000. After issuance of the Bonds the District will have \$1,200,000 in authorized but unissued voted authority remaining.

*Overlapping District Taxes* ..... The District has adopted a 2018 debt service tax rate of \$0.2846 per \$100 of assessed valuation on all taxable property located within the District in September of 2018. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT – Estimated Overlapping Taxes.”

**SELECTED FINANCIAL INFORMATION (UNAUDITED)**

2014 Certified Taxable Assessed Valuation of the District .....	\$ 47,371,982	(a)
2015 Certified Taxable Assessed Valuation of the District .....	\$ 106,571,071	(a)
2016 Certified Taxable Assessed Valuation of the District .....	\$ 168,106,943	(a)
2017 Certified Taxable Assessed Valuation of the District .....	\$ 212,554,256	(a)
2018 Certified Taxable Assessed Valuation of the District .....	\$ 238,873,400	(a)
Gross Direct Long-Term Debt Outstanding of the District.....	\$ 10,555,000	(b)
Estimated Overlapping Debt of the District.....	<u>10,374,628</u>	(c)
Gross Direct Long-Term Debt and Estimated Overlapping Debt .....	\$ 20,929,628	
Ratio of Gross Long-Term Debt of the District to:		
2018 Certified Taxable Assessed Valuation of the District .....	4.42%	
Ratio of Gross Long-Term Debt of the District and Estimated Overlapping Debt to:		
2018 Certified Taxable Assessed Valuation of the District .....	8.76%	
Funds Available for Debt Service:		
Bond Fund Balance as of 12/18/18 (represents 12 months' capitalized interest on the Bonds) .....	\$ 98,458	(d)
Average Annual Debt Service Requirement (2019-2043) .....	\$ 667,858	(b)
Maximum Annual Debt Service Requirement (2019).....	\$ 747,111	(b)
Tax Rate Required to Pay Average Annual Debt Service (2019-2043) at 97.5% Collection Rate		
Based Upon the 2018 Certified Taxable Assessed Valuation of the District .....	\$ 0.2868	(a,b)
Tax Rate Required to Pay Maximum Annual Debt Service (2019) at 97.5% Collection Rate		
Based Upon the 2018 Certified Taxable Assessed Valuation of the District .....	\$ 0.3208	(a,b)

Development within the District as of September 1, 2018 was as follows:

Total Completed Homes	521
Total Occupied Homes	513
Homes Under Construction	0
Vacant Developed Lots	0
Lots Under Development	0
Undeveloped (developable) Acreage	0
Estimated District Population <sup>(e)</sup>	1,795

- (a) Per Williamson Central Appraisal District.
- (b) Includes the 2017 Bonds and the Bonds. Preliminary, subject to change. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT – Debt Service Requirements."
- (c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT – Estimated Overlapping Debt."
- (d) The District is not authorized to levy a maintenance and operation tax. The amount shown is preliminary, subject to change.
- (e) Based upon 3.5 residents per occupied single-family residence.

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**PRELIMINARY OFFICIAL STATEMENT**

**\$2,345,000\***

**NORTHWOODS ROAD DISTRICT NO. 1**

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

**UNLIMITED TAX ROAD BONDS, SERIES 2018**

This Official Statement provides certain information in connection with the issuance by Northwoods Road District No. 1 (the "District") of its \$2,345,000\* Unlimited Tax Road Bonds, Series 2018 (the "Bonds").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Specialized Public Finance Inc. (the "Financial Advisor") at 248 Addie Roy Road, Suite B-103, Austin, Texas 78746.

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

**THE BONDS**

**DESCRIPTION . . .** Northwoods Road District No. 1 Unlimited Tax Road Bonds, Series 2018 are being issued in the aggregate principal amount of \$2,345,000\* maturing as serial bonds on August 15 in the years 2020 through and including 2043 in the principal amounts set forth on the inside cover page. The Bonds will be dated December 18, 2018 (the "Date of Initial Delivery"), and interest will accrue from the Date of Initial Delivery and will be payable on August 15, 2019 and on each February 15 and August 15 thereafter until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued pursuant to the Bond Order, in fully registered form only, in denominations of \$5,000 of principal amounts or any integral multiple thereof and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the book-entry-only system described herein.

**No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

**AUTHORIZATION AND PURPOSE . . .** The Bonds are issued pursuant to the election held within the District on November 8, 2011, the Bond Order authorizing the issuance of the Bonds, the Texas Constitution, and general laws of the State of Texas, including Chapter 257 of the Texas Transportation Code and Chapter 1471, Texas Government Code. The Bond Order will be adopted by the Commissioners' Court of Williamson County, Texas (the "Commissioners' Court"), as the governing body of the District. Proceeds from the sale of the Bonds will be used for (i) constructing, reimbursing for the costs of constructing, improving or acquiring by purchase, maintaining, financing and operating macadamized, graveled or paved roads and turnpikes and related bridges, trails, drainage work and other similar improvements; (ii) funding approximately 12 months' capitalized interest on the Bonds; and (iii) paying the costs associated with the issuance of the Bonds.

**SOURCES AND USES OF PROCEEDS . . .** The proceeds from the sale of the Bonds are expected to be applied as follows:

Sources:	
Par Amount of Bonds	\$
Reoffering Premium	_____
Total Sources	\$
Uses:	
Deposit to Project Fund	\$
Deposit to Debt Service Fund	
Underwriter's Discount	
Costs of Issuance	_____
Total Uses	\$

\*Preliminary, subject to change.

**DEFEASANCE . . . 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 (a “Defeased Bond”) within the meaning of the Bond Order, except to the extent provided below for the Paying Agent/Registrar to continue payments and for the District to retain the right to call Defeased Bonds to be paid at maturity, 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.

Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank may at the discretion of the District also be invested in Defeasance Securities, as hereinafter defined, maturing in the amounts and at the times set forth in the Bond Order and all income from such Defeasance Securities received by the Paying Agent/Registrar 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.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Bond Order for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/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.

If money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or eligible trust company or commercial bank for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the defeasance provisions of the Bond Order shall be made without the consent of the registered owner of each Bond affected thereby.

*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 that 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/Registrar or eligible trust company or commercial bank pursuant to which money and/or Defeasance Securities are held by the Paying Agent/Registrar or 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/Registrar or 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.

For the purposes of these provisions, “Defeasance Securities” means (i) Federal Securities, (ii) noncallable 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 District 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) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the District 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 no 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. For the purposes of these provisions, “Federal Securities” means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America.

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.

**OPTIONAL REDEMPTION . . .** The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2027 in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds, or sinking fund installments in the case of any Term Bonds, are to be redeemed, the District may select the maturities, or sinking fund installments in the case of any Term Bonds, of Bonds to be redeemed. If less than all the Bonds of any maturity, or sinking fund installments in the case of any Term Bonds, are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in book-entry-only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

**NOTICE OF REDEMPTION . . .** Not less than 30 days prior to an optional redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. SUBJECT TO THE RIGHT OF THE DISTRICT TO GIVE A CONDITIONAL NOTICE OF REDEMPTION AS DESCRIBED IN THE FOLLOWING PARAGRAPH, NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH PORTION THEREOF SHALL CEASE TO ACCRUE.

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, premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar 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/Registrar 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/Registrar will give notice in the manner in which the notice of redemption was given to the effect that the Bonds have not be redeemed.

**DTC REDEMPTION PROVISIONS . . .** 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 a DTC Participant, or of any Direct Participant or Indirect Participant to notify the beneficial owner, shall not affect the validity of the redemption of the 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 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 DTC Participants, Indirect Participants or persons for whom DTC Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One

fully registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each 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](http://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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The 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 Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable dates 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest 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, physical Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Underwriter believe to be reliable, but the District and the Underwriter take no responsibility for the accuracy thereof.

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

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District, its Financial Advisor or the Underwriter.

**EFFECT OF TERMINATION OF BOOK-ENTRY-ONLY SYSTEM . . .** In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Bond Order and summarized under "THE BONDS – Transfer, Exchange and Registration" below.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Bond Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

**SOURCE OF PAYMENT . . .** The Bonds are payable as to principal and interest from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property within the District. The Commissioners Court, acting as the governing body of the District, 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 and costs of tax collections 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, and to pay the expenses of assessing and collecting such tax.

The Bonds are obligations of the District secured solely by an annual ad valorem tax levied, without legal limitations as to rate or amount, on all taxable property located within the District and are not the obligations of the State of Texas; Williamson County, Texas; or any entity other than the District as described herein.

**REGISTRATION AND TRANSFER . . .** So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep a register of owners (the "Register") at a principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order.

In the event the book-entry-only system should be discontinued, each Bond shall be transferable only upon the presentation and surrender of such Bond at the designated payment/transfer office of the Paying Agent/Registrar, initially in Austin, Texas (the "Designated Payment/Transfer Office"), duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and accruing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond so delivered shall be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the fifteen (15) day period next preceding any interest payment date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District.

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

**REPLACEMENT OF PAYING AGENT/REGISTRAR . . .** Provisions are made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be a national or state banking institution, trust company or other authorized entity, which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

**LOST, STOLEN OR DESTROYED BONDS . . .** Upon the presentation and surrender to the Designated Payment/Transfer Office of the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation and an indemnity bond from the Registered Owner, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

**ISSUANCE OF ADDITIONAL DEBT . . .** The District has no plans to issue any additional new money debt. The District may issue refunding bonds from time to time to achieve debt service savings.

**REMEDIES IN EVENT OF DEFAULT . . .** The Bond Order provides that, in addition to all other rights and remedies of any Registered Owner provided by the laws of the State of Texas, in the event the District defaults in the observance or performance of any covenant in the Bond Order, including payment when due of the principal of and interest on the Bonds, any Registered Owner may apply for a writ of mandamus from a court of competent jurisdiction requiring the Commissioners' Court or other officers of the District to observe or perform such covenants.

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

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

**LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . .** Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. The Bonds are rated (see "RATING"). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

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 has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed with 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.

**AMENDMENTS TO ORDER . . .** The District may without the consent of or notice to any Registered Owner 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 (1) 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 thereon, 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, (2) give any preference to any Bond over any other Bond, or (3) 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 in 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.

## **THE DISTRICT**

**CREATION AND ABOLISHMENT OF THE DISTRICT . . .** Chapter 257 of the Texas Transportation Code and Chapter 1471 of the Texas Government Code (collectively, the "Act") allow a commissioners court of a county to establish one or more road districts in the county. A road district created pursuant to the Act is a political subdivision and a body corporate of the State of Texas. The District was created by order of the Commissioners Court of the County on August 9, 2011, in accordance with the Act and Article III, Section 52 of the Texas Constitution. The Commissioners Court is the governing body of the District.

Pursuant to the Act, the District may be abolished by order of the Commissioners Court when it has paid off and discharged the outstanding bonds of the District, or when such bonds have been assumed and exchanged for county bonds under the compensation bond statutes, and in the opinion of the Commissioners Court, the District has become dormant and there exists no further necessity for the District.

In accordance with the Act, and Article III, Section 52 of the Texas Constitution, bonded debt of the District cannot exceed one-fourth of the net taxable assessed valuation of the real property within the District. After the issuance of the Bonds, the amount of total bonded debt of the District will equal 4.42%\* of the 2018 Certified Taxable Assessed Valuation of all real property in the District.

**DISTRICT PURPOSE . . .** At an election held on November 8, 2011, the sole voter within the District approved \$12,345,000 in aggregate principal amount of unlimited tax new money bonds for constructing, improving or acquiring, maintaining, financing and operating macadamized, graveled or paved roads and related bridges, trails, drainage and other similar improvements pursuant to Section 52, Article III of the Texas Constitution, as well as unlimited tax refunding bonds in the amount of one and a half times the amount of new money bonds issued, and the levy of an unlimited ad valorem tax upon all taxable property located within the District to pay such bonds. The Bonds are secured solely by an unlimited ad valorem tax levied upon all taxable property located within the District.

**DISTRICT GOVERNANCE AND SUPERVISION . . .** The policy-making and supervisory functions of the District are the responsibility of and are vested in the Commissioners Court. The Commissioners Court serve four-year staggered terms and are elected by the resident and qualified electors of their respective precincts. The County Judge serves for a four-year term and is elected by all of the resident and qualified voters of the County. Various supporting services are provided by independent consultants and advisors. The District does not have any employees.

The District is primarily located in County Precinct No. 2, with a portion of the land in the District in Precinct No. 1. The Williamson Central Appraisal District (the "Appraisal District") assesses the value of all taxable property within the District in the same manner as it assesses property values on all other taxable property located in the County. See "TAXING PROCEDURES."

The Tax Assessor/Collector of the County collects the taxes on the taxable property within the District in the same manner as he or she collects other taxes and when so collected the Tax Assessor/Collector pays those taxes to the County Treasurer.

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\*Preliminary, subject to change.

The County Auditor is responsible for recommending the tax rate annually for the District. The County Treasurer of the County is custodian of all taxes collected and taxes collected on behalf of the District are deposited in the County Treasury to the credit of the District in accordance with the Bond Order. The County Treasurer promptly pays the interest and principal as it becomes due on the Bonds out of the funds collected and deposited for that purpose.

**GENERAL DESCRIPTION . . .** The District is comprised of approximately 181.954 acres of land. All of the District is located within the corporate limits of the City of Austin and entirely within Williamson County. All 181.954 acres within the District are located within the Round Rock Independent School District.

**THE DEVELOPER . . .** Land within the District is being developed by Northwoods Avery Ranch, LLC (the “Developer”), which was incorporated in 2010 and is based in Austin, Texas.

**DEVELOPMENT WITHIN THE DISTRICT . . .** The District includes a master planned community known as Northwoods at Avery Ranch. The four-lane divided arterial of Staked Plains Boulevard within the District was constructed by the Developer and is fully complete and open for road traffic. Additionally, improvements to Lakeline Boulevard are underway and expected to be completed by the end of 2018. See “THE ROAD IMPROVEMENTS.” As of September 1, 2018, water, wastewater, streets and drainage facilities have been completed to serve all Phases of the development within the District. The City of Austin provides retail water and wastewater service to the District and Austin Energy provides electric service.

**DEVELOPMENT WITHIN THE DISTRICT . . .** Development within the District as of September 1, 2018 was as follows:

Total Completed Homes	521
Total Occupied Homes	513
Homes Under Construction	0
Vacant Developed Lots	0
Lots Under Development	0
Undeveloped (developable) Acreage	0

**DEVELOPMENT FINANCING . . .** Acquisition and development of land within the District has been provided by financing obtained by Avery Ranch, LLC on behalf of the Developer from commercial lenders. Previously, the Developer had a revolving credit facility with a maximum principal amount of \$21,500,000 provided by International Bank of Commerce, which matured on August 29, 2017 and has been repaid in full. The Developer also had a credit facility with a maximum principal amount of \$8,000,000 provided by International Bank of Commerce, which matured on August 29, 2017 and has been repaid in full. The Developer is currently funding its final obligation with the expansion of Lakeline Boulevard through cash which will be reimbursed with proceeds of Bonds issued by the District.

**CONSULTANTS . . .** The District has contracted for auditing, tax assessing and collecting, engineering, financial advisory and legal services as follows:

*Tax Appraisal:* The Appraisal District has the responsibility of appraising all property within the District.

*Tax Assessor/Collector:* The Williamson County Tax Assessor and Collector collects ad valorem taxes in the District.

*Financial Advisor:* The District has engaged Specialized Public Finance Inc. as financial advisor. The fees for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and therefore such fee is contingent upon the sale and delivery of the Bonds.

*Bond Counsel:* The District has engaged McCall, Parkhurst & Horton L.L.P. as bond counsel. The fees for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and therefore such fee is contingent upon the sale and delivery of the Bonds.

### **THE ROAD IMPROVEMENTS**

The road improvements eligible for reimbursement by the District shall consist of the four (4) lane divided arterial of Staked Plains Boulevard from the Avery Ranch Subdivision to Lakeline Boulevard and the widening and extension of Lakeline Boulevard to a four (4) lane arterial from Lake Creek east to the Capital Metro right-of-way, including the right-of-way and financing costs for such roadway improvements, together with all irrigation, lighting, landscaping, monumentation, fencing, walls, screening, drainage, water quality ponds, detention ponds and all other facilities, equipment, improvements and appurtenances related to the proposed roadway improvements (collectively, the “Road Improvements”).

## INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT

Available District funds are invested as authorized by Texas law and in accordance with investment policies approved by the Commissioners Court. Both state law and the County's investment policies are subject to change.

Chapter 1471, Texas Government Code ("Chapter 1471"), provides that money remaining from the proceeds of any new money bonds issued by the District (after the portion of the proceeds that represents capitalized interest is placed in the County treasury to the credit of the District to be used to pay interest due on the Bonds and after the costs of the issuance of the Bonds are paid) shall be placed in the County treasury to the credit of the District's available road fund to be used for the purposes for which such bonds were issued. The County Treasurer is the custodian of all taxes collected to pay principal of and interest on the Bonds. The County Treasurer is required to deposit the money collected with the County depository in the same manner as other money of the County; and promptly pay the principal of and interest on the Bonds as they become due from the money collected and deposited for that purpose. Chapter 1471 also provides that the Commissioners Court may invest money in a sinking fund accumulated for the redemption and payment of the Bonds in: (1) bonds of the United States, the State of Texas, or a county, municipality, school district, or road district of the State of Texas; (2) bonds of the federal Farm Credit System; or (3) certificates of indebtedness issued by the Secretary of the Treasury of the United States. The sinking fund accumulated for the redemption and payment of the Bonds may not be invested in bonds the terms of which provide for a maturity date after the date of maturity of the Bonds. Interest on an investment must be applied to the sinking fund associated with the investment.

Under Texas law, the District is authorized to invest in obligations meeting the requirements of the PFIA which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations 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 are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the District in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9)(i) certificates of deposit and share certificates meeting the requirements of the PFIA that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) certificates of deposit where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that provide the District with a prospectus and other information required by the Securities and Exchange Act of 1934 or the Invest Company Act of 1940 and that comply with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating

firm at not less than “A” or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District’s name, and deposited at the time the investment is made with the District or with a third party designated by the District, (iv) a loan made under the program is government securities dealer or a financial institution doing business in the Texas, and (v) 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 “AAA<sup>m</sup>” or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

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

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups; 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 Texas Public Funds Investment Act. 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 Commissioners Court 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 Commissioners Court.

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, (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements and (8) provide specific investment training for the Treasurer, the chief financial officer (if not the Treasurer) and the investment officer.

**FINANCIAL INFORMATION CONCERNING THE DISTRICT**

**PRO – FORMA DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Outstanding 2017 Bonds			The Bonds <sup>(a)</sup>			Total Debt Service Requirements
	Principal	Interest	Total	Principal	Interest	Total	
	2019	\$ 365,000	\$ 316,500	\$ 681,500	\$ -	\$ 65,611	
2020	220,000	309,200	529,200	-	99,663	99,663	628,863
2021	225,000	304,800	529,800	60,000	99,663	159,663	689,463
2022	230,000	295,800	525,800	65,000	97,113	162,113	687,913
2023	240,000	286,600	526,600	70,000	94,350	164,350	690,950
2024	250,000	277,000	527,000	70,000	91,375	161,375	688,375
2025	260,000	267,000	527,000	75,000	88,400	163,400	690,400
2026	270,000	256,600	526,600	75,000	85,213	160,213	686,813
2027	280,000	245,800	525,800	80,000	82,025	162,025	687,825
2028	295,000	234,600	529,600	85,000	78,625	163,625	693,225
2029	305,000	222,800	527,800	85,000	75,013	160,013	687,813
2030	315,000	210,600	525,600	90,000	71,400	161,400	687,000
2031	330,000	198,000	528,000	95,000	67,575	162,575	690,575
2032	345,000	184,800	529,800	100,000	63,538	163,538	693,338
2033	355,000	171,000	526,000	105,000	59,288	164,288	690,288
2034	370,000	156,800	526,800	105,000	54,825	159,825	686,625
2035	385,000	142,000	527,000	110,000	50,363	160,363	687,363
2036	400,000	126,600	526,600	115,000	45,688	160,688	687,288
2037	415,000	110,600	525,600	120,000	40,800	160,800	686,400
2038	435,000	94,000	529,000	125,000	35,700	160,700	689,700
2039	450,000	76,600	526,600	130,000	30,388	160,388	686,988
2040	470,000	58,600	528,600	135,000	24,863	159,863	688,463
2041	490,000	39,800	529,800	145,000	19,125	164,125	693,925
2042	505,000	20,200	525,200	150,000	12,963	162,963	688,163
2043	-	-	-	155,000	6,588	161,588	161,588
	\$ 8,205,000	\$ 4,606,300	\$ 12,811,300	\$ 2,345,000	\$ 1,540,149	\$ 3,885,149	\$ 16,696,449

(a) Interest on the Bonds calculated at a net interest cost of 4.31% for purposes of illustration. Preliminary, subject to change.

**TAX RATE CALCULATIONS . . .** The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet the debt service requirements of the District if no growth in the District’s tax base within the District occurs beyond the Williamson Central Appraisal District 2018 Certified Assessed Valuation. The calculations assume collection of 97.5% of taxes levied.

Tax Rate Required to Pay Average Annual Debt Service (2019-2043) at 97.5% Collection Rate	
Based Upon the 2018 Certified Taxable Assessed Valuation of the District .....	\$ 0.2868 (a)
Tax Rate Required to Pay Maximum Annual Debt Service (2019) at 97.5% Collection Rate	
Based Upon the 2018 Certified Taxable Assessed Valuation of the District .....	\$ 0.3208 (a)

(a) Includes the Bonds. Preliminary, subject to change.

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**ESTIMATED OVERLAPPING DEBT** . . . Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in “Texas Municipal Reports,” published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds</u>	<u>As of</u>	<u>Overlapping Percent</u>	<u>Amount</u>
Northwoods Road District No. 1.....	\$ 10,555,000 (a)	9/30/18	100.00%	\$ 10,555,000(a)
Williamson County.....	878,234,942	9/30/18	0.36%	3,161,646
Round Rock ISD.....	717,150,000	9/30/18	0.65%	4,661,475
City of Austin.....	1,394,225,062	9/30/18	0.15%	2,091,338
Austin Community College District.....	418,335,000	9/30/18	0.11%	<u>460,169</u>
Total Direct and Estimated Overlapping Debt.....				\$20,929,628(a)(b)

Direct and Estimated Overlapping Debt as a Percentage of:  
 2018 Certified Taxable Assessed Valuation(a)(b) ..... 8.76%(a)(b)

- (a) Includes the Bonds. Preliminary, subject to change.  
 (b) Value provided by Williamson Central Appraisal District.

**ESTIMATED OVERLAPPING TAXES** . . . Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. All the land located within the District lies within the County. The following chart includes the 2018 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. Tax rates for 2018 have not yet been adopted by any of the taxing jurisdictions shown below.

**TAXING JURISDICTION**

	2018 <u>Tax Rates</u>
Northwoods Road District No. 1(a)	\$ 0.284600
City of Austin	0.442000
Williamson County	0.459029
Upper Brushy Creek WCID #1A	0.020000
Round Rock Independent School District	1.304800
Austin Community College District	<u>0.104800</u>
Total Estimated Tax Rate	\$ 2.615229

(a) The District adopted a 2018 debt service tax rate of \$0.2846/\$100 valuation in September of 2018.

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**TAX DATA**

**GENERAL . . .** All taxable property within the District is subject to the assessment, levy and collection by the Commissioners Court, acting as the governing body of the District, of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds.

**DISTRICT TAX . . .** The Commissioners Court covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax on all property in the District adequate to provide funds to pay the principal of and interest on the Bonds.

**PRINCIPAL TAXPAYERS . . .** The following table represents the principal taxpayers within the District, the estimated taxable assessed value of such property, and such property’s assessed value as a percentage of the District’s 2018 Williamson Central Appraisal District Certified Taxable Assessed Valuation of \$238,873,400. See “INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments.” See “TAXING PROCEDURES – Valuation of Property for Taxation” for information regarding valuation and assessment of unoccupied houses held for sale by a developer or builder.

Name of Taxpayer	2018 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Grand Haven Homes LP	\$ 1,110,292	0.46%
Grand Haven Homes LP	1,103,142	0.46%
Hoa, Jianxiong	1,006,371	0.42%
LDJ Interests LLC	898,330	0.38%
Cunningham, William & Susann	822,931	0.34%
Alradaideh, Maen M.	801,805	0.34%
Williams, Dominique & Irvin	780,597	0.33%
Govindaswamy, Radjendran	757,102	0.32%
LTV Enterprises LLC	752,500	0.32%
Bigon, Chet & Clarissa	719,837	0.30%
	\$ 8,752,907	3.66%

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## TAXING PROCEDURES

**AD VALOREM TAX LAW . . .** The appraisal of property within the District is the responsibility of the Appraisal District. Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property, or (2) the sum of (a) 10% of the appraised value of the property for the last year in which the property was appraised for taxation times the number of years since the property was last appraised, plus (b) the appraised value of the property for the last year in which the property was appraised plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The District may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the District by petition filed with the Appraisal Review Board.

Reference is made to the Texas Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the Texas Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) An exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; and (2) an exemption of up to 20% of the market value of residence homesteads. The minimum exemption under clause (2) is \$5,000.

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

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000. In addition, a disabled veteran who receives money from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who 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. The surviving spouse of a member of the armed services who was killed in action is entitled to an exemption from taxation of the total appraised value of the surviving spouse's residence homestead where certain conditions are met and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. Subject to certain conditions, the surviving spouse of a person 65 or older is entitled to an exemption for the same property in an amount equal to that which the deceased spouse was qualified. The District's tax assessor is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District.

The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

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. In addition, effective for tax years 2008 and thereafter, Article VIII, Section 1-n of the Texas Constitution provides for an exemption from taxation for “goods-in-transit,” which are defined as personal property acquired or imported into the state and transported to another location inside or outside the state within 175 days of the date the property was acquired or imported into the state. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and outboard motor, heavy equipment and manufactured housing inventory. After holding a public hearing, a taxing unit may take action by January 1 of the year preceding a tax year to tax goods-in-transit during the following tax year. A taxpayer may obtain only one of a freeport exemption or a goods-in-transit exemption for items of personal property. Freeport goods are exempted from taxation by the District. Goods-in-transit are not exempted from taxation by the District.

The County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten years, all or any part of any increase in the appraised valuation of property covered by the agreement over its appraised valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

**EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . .** Before the later of September 30 or the 60th day after the date that the certified appraisal roll is received by the District, the Commissioners Court, acting as the governing body of the District, must adopt a tax rate per \$100 taxable value for the current year. If the Commissioners Court, acting as the governing body of the District, does not adopt a tax rate before the date required by such required date, the tax rate for the District for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the Commissioners Court, acting as the governing body of the District, for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Texas Property Tax Code, the District must annually calculate and publicize its “effective tax rate” and “rollback tax rate.” Under current law, a tax rate may not be adopted by the Commissioners Court that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearing (including the requirement that notice be posted on the District’s website if the District owns, operates or controls an Internet website and public notice be given by television if the District has free access to a television channel) and the Commissioners Court has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the District by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

“Effective tax rate” means the rate that will produce last year’s total tax levy (adjusted) from this year’s total taxable values (adjusted). “Adjusted” means lost values are not included in the calculation of last year’s taxes and new values are not included in this year’s taxable values.

“Rollback tax rate” means the rate that will produce last year’s maintenance and operation tax levy (adjusted) from this year’s values (adjusted) multiplied by 1.08 plus a rate that will produce this year’s debt service from this year’s values (unadjusted) divided by the anticipated tax collection rate.

The Texas Property Tax Code provides that certain cities and counties in Texas may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Texas Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

**PROPERTY ASSESSMENT AND TAX PAYMENT . . .** Property within the District is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the

basis of pricing information contained in either the standard edition of the Annual Energy Outlook published by the United States Energy Information Administration or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first installment due on February 1 of each year and the final installment due on August 1.

**PENALTIES AND INTEREST . . .** Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney’s collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the District’s lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

**DISTRICT APPLICATION OF TAX CODE . . .** The District has not granted any exemptions in the District.

The District does not tax nonbusiness personal property; and the Williamson County Tax Assessor collects taxes for the District.

The District does not permit split payments, and discounts are not allowed.

The District does tax freeport property.

The District does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

**FINANCIAL INSTITUTIONS AND RECOVERY ACT . . .** 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.

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 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.

## INVESTMENT CONSIDERATIONS

**GENERAL . . .** The Bonds are obligations solely of the District and are not obligations of Williamson County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied solely on taxable property within the District in an amount sufficient to service the District’s bonded debt or in the event of foreclosure, on the value of the taxable property in the District. See “THE BONDS – Source of Payment.” 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 property in the District will maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property. See “Registered Owners’ Remedies” below.

**FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS . . .** *Economic Factors and Interest Rates:* A substantial percentage of the taxable value located within the District results from the current market value of single-family residences. The market value of such homes is related to general economic conditions affecting the demand for such property. Demand for property of this type can be significantly affected by factors such as interest rates, credit availability, energy availability and the prosperity and demographic characteristics.

Although located approximately 20 miles from the central downtown business district of the City of Austin, the success of development within the District and growth of taxable property values within the District are, to a great extent, a function of the Austin metropolitan and regional economies.

*Competition:* The demand for single-family homes in the District, which is approximately 20 miles from downtown Austin, could be affected by competition from other residential developments including other residential developments located in other utility districts in the vicinity of the District. In addition to competition for 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 the re-sale of homes within the District.

The District is located within four (4) miles of fourteen (14) other large developments.

**MAXIMUM IMPACT ON DISTRICT TAX RATES . . .** Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2018 Certified Taxable Assessed Valuation of property in the District after deducting exemptions is \$238,873,400. After issuance of the Bonds, the maximum annual debt service requirement is expected to be \$747,111 (2019), and the average annual debt service requirement is expected to be \$667,858 (2019-2043, inclusive). Assuming no increase or decrease from the 2018 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.3208 and \$0.2868 per \$100 of assessed valuation at a ninety-seven point five percent (97.5%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT – Tax Rate Calculations.”

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

**TAX COLLECTION LIMITATIONS AND FORECLOSURE REMEDIES . . .** The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court’s stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see “TAX DATA – Overlapping Taxes”), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers’ right to redeem property within six months after the purchaser’s deed issued at the foreclosure sale is filed in the County records with the exception of residential homesteads and property designated for agricultural use for which the right of redemption is two years). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See “Bankruptcy Limitation to Registered Owners’ Rights” below. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

**REGISTERED OWNERS’ REMEDIES . . .** Remedies available to Registered Owners of Bonds in the event of a default by the District in one or more of its obligations under the Bond Order are limited. Although Texas law and the Bond Order provide that the Registered Owners may obtain a writ of mandamus requiring performance of such obligations, such remedy must be exercised upon each default and may prove time-consuming, costly and difficult to enforce. The Bond Order does not provide for acceleration of maturity of the Bonds, appointment of a trustee to protect the interest of the Registered Owners or any other additional remedy in the event of a default by the District and, consequently, the remedy of mandamus may have to be relied upon from year-to-year. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The Bonds are not secured by an interest in the improvements financed with Refunding Bond proceeds or any other property of the District. No judgment against the District is enforceable by execution of a levy against the District’s public purpose property. Further, the Registered Owners cannot foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds.

**BANKRUPTCY LIMITATION TO REGISTERED OWNERS' RIGHTS . . .** The enforceability of the rights and remedies of Bondholders may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of Bondholders' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic bondholders' stay would remain in effect until the federal bankruptcy judge hearing the case dismissed the petition, entered an order granting relief from the stay or otherwise allowed 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 (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking 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 appealable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claims.

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

**FUTURE DEBT . . .** The District has no plans to issue any additional new money debt. The District may issue refunding bonds from time to time to achieve debt service savings.

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

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

## **LEGAL MATTERS**

**LEGAL OPINIONS . . .** The District will furnish a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinions of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding Bonds of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, with respect to the Bonds issued in compliance with the provisions of the Bond Order. The form of Bond Counsel's opinion is attached hereto as APPENDIX A.

Bond Counsel was engaged by, and only represents, the District. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions or subcaptions, "THE BONDS" (except under the subcaptions "Book-Entry Only System," "Remedies in Event of Default" and "Sources and Uses of Funds"), "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" and such firm is of the opinion that the information relating to the Bonds and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Order. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished to the Underwriter by the District. The legal fee to be paid Bond Counsel and Underwriter's Counsel for services rendered in connection with the issuance of the Bonds is 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.

**REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . .** No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. It is the obligation of the purchaser to register or qualify sale of the Bonds under securities laws of any jurisdiction which so requires. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds will not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

## TAX MATTERS

**OPINION . . .** On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) for federal income tax purposes, (1) interest on the Bonds 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 A – Form of Bond Counsel’s Opinion.”

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District including information and representations contained in the District’s federal tax certificate and (b) covenants of the District contained in the Bond documents relating to certain matters including arbitrage, the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

Bond Counsel’s opinion represents its legal judgment based upon its review of the 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 assurance 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 a 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”). The difference between (i) “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 (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of 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 accrual period and ratably within each such accrual 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 (i) 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 (ii) the amounts payable as current interest during such accrual period on such 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, 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 RECENTLY ENACTED LEGISLATION AND THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

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 with their own tax advisors regarding the foregoing matters.

**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 citizens.

**INFORMATION REPORTING AND BACKUP WITHHOLDING . . .** Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

**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.

**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 by such taxpayer in determining 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 obligations, other than “private activity bonds,” which are designated by an “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 which is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District expects to designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure or to refrain from such action which would adversely affect the treatment of the Bonds as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public 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 holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the “MSRB”). This information will be available free of charge from the MSRB via its Electronic Municipal Market Access system at [www.emma.msrb.org](http://www.emma.msrb.org).

**ANNUAL REPORTS . . .** The District will provide certain updated financial information and operating data to the MSRB annually.

The District will provide certain updated financial information to the MSRB within six months after the end of each fiscal year of the District ending in 2018 or after. The information to be updated annually with respect to the District includes (i) all quantitative financial information of the general type included in this Official Statement included under the headings “FINANCIAL INFORMATION CONCERNING THE DISTRICT – Pro-Forma Debt Service Requirements,” and “TAX DATA” and financial statements of the District if audited financial statements are commissioned by the County and are then available and (ii) if audited financial statements have been commissioned and are not provided as part of such financial information, audited financial statements of the District, when available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles as the District may be required to employ from time to time pursuant to state law or regulation and (ii) audited, if the District commissions an audit of such financial statement and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. The District will provide the updated information in an electronic format, all as prescribed by the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order, to such other account 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 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

**NOTICE OF CERTAIN EVENTS . . .** The District will provide 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 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 determination 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 office 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 Commission).

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 . . .** The District has agreed to provide the information only to the MSRB, accompanied by identifying information and in an electronic format, as prescribed by the MSRB. The MSRB has prescribed that such information must be filed with the MSRB pursuant to its Electronic Municipal Market Access (“EMMA”) System. The MSRB intends to make the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

**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 holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt the 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, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Order if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

## LITIGATION

Neither the District nor the Commissioners Court is a party to any litigation or other proceeding pending or to their knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District or the Commissioners Court, would have a material adverse effect on the operations or financial condition of the District.

## RATING

An application for a rating on the Bonds has been made to Moody’s Investors Service, Inc. (“Moody’s”). The outstanding 2017 Bonds of the District are currently rated “A3” by Moody’s without regard to credit enhancement. An explanation of the significance of such ratings may be obtained from the company furnishing the ratings. The rating reflects only the view of such organization

and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## OTHER INFORMATION

**SOURCES AND COMPILATION OF INFORMATION . . .** The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the County's records, the Appraisal District, the Developer and information from other sources. All of these sources are believed to be reliable, but no guarantee is made by the District or the Commissioners Court as to the accuracy or completeness of the information derived from such sources, and its inclusion herein is not to be construed as a representation on the part of the District or the Commissioners Court to such effect. Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

**FINANCIAL ADVISOR . . .** Specialized Public Finance Inc. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement. In its capacity as Financial Advisor, Specialized Public Finance Inc. has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

**UNDERWRITER . . .** The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the District, at a price equal to the initial offering prices to the public, as shown on the inside front cover page, less an underwriting discount of \$ \_\_\_\_\_. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in the Official Statement pursuant to its responsibility to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

**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 that are inherently subject to 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.

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

The Bond Order will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriter in accordance with the provisions of the Securities and Exchange Commission's rule codified at 17 C.F.R. Section 240.15c2-12.

**APPENDIX A**

**Form of Bond Counsel's Opinion**

**PHOTOGRAPHS**

**Northwoods Road District**  
Bond Capacity Proforma



Case: **No Growth** Not to exceed  
 Maximum Bond Tax Rate \$ 0.2846 (beginning TY2018)  
 Collection % 100.0%  
 Interest Rate On Proposed Bonds 4.33% (1)

**Results: Par Bond Capacity \$ 10,865,000**

Tax Year (as of 1/1)	Projected Taxable Assessed Valuation (2)	Bond Tax Rate	Tax Collections	Estimated Capitalized Interest	Available for Debt Service	Final Series 2017 (3) Bonds \$ 8,520,000	Proposed Series 2018 (3)(4) Bonds \$ 2,345,000	Total Projected Debt Service (D/S)	Projected Ending Debt Service Fund Balance	% of Next Year's D/S
2016	153,707,919	-	-	-	-	-	-	-	-	N/A
2017	212,000,000	0.2900	614,800	-	614,800	613,590	-	613,590	1,210	0%
2018	239,722,959	0.2846	682,252	215,105	898,567	681,500	65,611	747,111	151,455	24%
2019	239,722,959	0.2846	682,252	-	833,707	529,200	99,663	628,863	204,844	30%
2020	239,722,959	0.2846	682,252	-	887,096	529,800	159,663	689,463	197,633	29%
2021	239,722,959	0.2846	682,252	-	879,885	525,800	162,113	687,913	191,973	28%
2022	239,722,959	0.2846	682,252	-	874,224	526,600	164,350	690,950	183,274	27%
2023	239,722,959	0.2846	682,252	-	865,526	527,000	161,375	688,375	177,151	26%
2024	239,722,959	0.2846	682,252	-	859,402	527,000	163,400	690,400	169,002	25%
2025	239,722,959	0.2846	682,252	-	851,254	526,600	160,213	686,813	164,441	24%
2026	239,722,959	0.2846	682,252	-	846,693	525,800	162,025	687,825	158,868	23%
2027	239,722,959	0.2846	682,252	-	841,119	529,600	163,625	693,225	147,894	22%
2028	239,722,959	0.2846	682,252	-	830,146	527,800	160,013	687,813	142,333	21%
2029	239,722,959	0.2846	682,252	-	824,585	525,600	161,400	687,000	137,585	20%
2030	239,722,959	0.2846	682,252	-	819,836	528,000	162,575	690,575	129,261	19%
2031	239,722,959	0.2846	682,252	-	811,513	529,800	163,538	693,338	118,175	17%
2032	239,722,959	0.2846	682,252	-	800,427	526,000	164,288	690,288	110,139	16%
2033	239,722,959	0.2846	682,252	-	792,391	526,800	159,825	686,625	105,766	15%
2034	239,722,959	0.2846	682,252	-	788,018	527,000	160,363	687,363	100,655	15%
2035	239,722,959	0.2846	682,252	-	782,907	526,600	160,688	687,288	95,619	14%
2036	239,722,959	0.2846	682,252	-	777,871	525,600	160,800	686,400	91,471	13%
2037	239,722,959	0.2846	682,252	-	773,722	529,000	160,700	689,700	84,022	12%
2038	239,722,959	0.2846	682,252	-	766,274	526,600	160,388	686,988	79,286	12%
2039	239,722,959	0.2846	682,252	-	761,538	528,600	159,863	688,463	73,075	11%
2040	239,722,959	0.2846	682,252	-	755,327	529,800	164,125	693,925	61,402	9%
2041	239,722,959	0.2846	682,252	-	743,653	525,200	162,963	688,163	55,491	34%
2042	239,722,959	0.0674	161,588	-	217,078	-	161,588	161,588	55,491	N/A
				\$ 215,105		\$ 13,424,890	\$ 3,885,149	\$ 17,310,039		

(1) Represents prevailing market as of 10-23-18, subject to market conditions at time of issuance.  
 (2) Assumes WCAD values for TY2016 - TY2018. No growth thereafter.  
 (3) Proposed bonds assumed to be issued December 18 of year shown. Includes capitalized interest to 2/15/21.  
 (4) Estimated net proceeds: \$2.0MM.