

OFFICIAL STATEMENT DATED FEBRUARY 5, 2019

NEW ISSUE-BOOK-ENTRY-ONLY

**RATINGS: AGM Insured S&P “AA” (stable outlook); Moody’s “A2” (stable outlook)
Moody’s Underlying “A3”
See “MUNICIPAL BOND RATINGS” and “BOND INSURANCE”**

Delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS."

THE MASTER DISTRICT HAS DESIGNATED THE BONDS AS QUALIFIED TAX-EXEMPT OBLIGATIONS. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions" herein.

\$8,000,000

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas Located in Travis County, Texas)**

Unlimited Contract Tax Bonds, Series 2019

Dated: February 26, 2019

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

The bonds described above (the "Bonds") and the Outstanding Contract Bonds (as herein defined) are limited obligations of Travis County Municipal Utility District No. 4 (the "Master District") payable solely from and to the extent of payments required to be made to the Trustee (as herein defined) by all participating entities, currently Travis County Municipal Utility Districts No. 3, 4 (in its role as a participating district), 5, 6, 7, 8 and 9 (collectively, the "Participants" and individually, a "Participant") within the Service Area (as herein defined) from proceeds of an unlimited annual ad valorem contract tax levied by each Participant for debt service as set forth in the Master District Contract (as herein defined) (the "Pledged Contract Payments") pursuant to the terms of a separate "Contract for Financing and Operations of Regional Waste Collection, Treatment and Disposal Facilities, Regional Water Supply and Delivery Facilities, and Regional Drainage Including Water Quality Facilities" executed between the Master District and each Participant with substantially identical terms (collectively, the "Master District Contract") as described more fully herein under "SUMMARY OF CERTAIN DOCUMENTS – Master District Contract." The Bonds and Outstanding Contract Bonds are limited obligations of the Master District, payable solely from the Pledged Contract Payments and certain funds on deposit with the UMB Bank, N.A., as successor to BOKF, NA (the "Trustee") pursuant to the Trust Indenture (as herein defined), and are not obligations of the State of Texas; the City of Austin, Texas; Travis County, Texas; or any entity other than the Master District.

Interest on the Bonds will accrue from the Date of Initial Delivery, defined herein, is payable September 1, 2019 and each March 1 and September 1 thereafter until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent/registrant for the Bonds is UMB Bank, NA, (the "Paying Agent" or the "Paying Agent/Registrar").

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.** See "BOND INSURANCE."



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

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

The Bonds are offered by the initial purchaser of the Bonds (the "Initial Purchaser") subject to prior sale, when, as and if issued by the Master District and accepted by the Initial Purchaser, subject, among other things to the approval of the Initial Bond by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about February 26, 2019 (the "Date of Initial Delivery") in Austin, Texas.

MATURITY SCHEDULE
(Due September 1)

Due	Principal Amount	Interest Rate ^(a)	Initial Reoffering Yield ^(b)	CUSIP Number ^(c)	Due	Principal Amount	Interest Rate ^(a)	Initial Reoffering Yield ^(b)	CUSIP Number ^(c)	
2019	\$ 5,000	5.000%	2.000%	894389XQ3	2030	* \$ 25,000	4.000%	3.000%	894389YB5	
2020	5,000	5.000%	2.050%	894389XR1	2031	* 25,000	4.000%	3.100%	894389YC3	
2021	5,000	5.000%	2.100%	894389XS9	2032	* 25,000	4.000%	3.250%	894389YD1	
2022	5,000	5.000%	2.200%	894389XT7	2033	* 25,000	4.000%	3.350%	894389YE9	
2023	5,000	5.000%	2.300%	894389XU4	***	***	***	***	***	
2024	10,000	5.000%	2.400%	894389XV2	2040	* 1,800,000	3.625%	3.740%	894389YM1	
2025	10,000	5.000%	2.500%	894389XW0	2041	* 1,900,000	3.625%	3.760%	894389YN9	
***	***	***	***	***	2042	* 2,000,000	3.750%	3.800%	894389YP4	
2028	* 10,000	5.000%	2.800%	894389XZ3	2043	* 2,000,000	3.750%	3.830%	894389YQ2	
2029	* 25,000	5.000%	2.900%	894389YA7						
\$20,000 5.000% ^(a) Term Bond Due September 1, 2027* Yield 2.700% ^(b) CUSIP Number 894389XY6 ^(c) \$100,000 3.625% ^(a) Term Bond Due September 1, 2039* Yield 3.625% ^(b) CUSIP Number 894389YL3 ^(c)										

* Redemption Provisions: The Master District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2027 in whole or from time to time in part, on September 1, 2025, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Bonds maturing September 1, 2027 and September 1, 2039 (the "Term Bonds") are also subject to mandatory sinking fund redemption. See "THE BONDS - Redemption."

- (a) After requesting competitive bids for purchase of the Bonds, the Master District has accepted the lowest bid to purchase the Bonds, bearing interest as shown, at a price of 97.01% of par, resulting in a net effective interest rate to the Master District of 3.831341%.
- (b) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first redemption date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Initial Purchaser (as herein defined). The yields may be changed at any time at the discretion of the Initial Purchaser.
- (c) 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 provided by CUSIP Global Services. Neither the Initial Purchaser, the Master District, nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

ASSURED GUARANTY MUNICIPAL CORP. ("AGM") MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, AGM HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING AGM SUPPLIED BY AGM AND PRESENTED UNDER THE HEADING "BOND INSURANCE" AND "APPENDIX D - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Master District.

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

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

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

NEITHER THE MASTER DISTRICT NOR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM.

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the Master District has accepted the bid of Raymond James & Associates, Inc. (the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the inside cover page of this Official Statement at a price of 97.01% of par. No assurance can be given that any trading market will be developed for the Bonds after their sale by the Master District to the Initial Purchaser. The Master District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Initial Purchaser.

Prices and Marketability

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

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

The Master District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

No registration statement relating to the offer and sale of the Bonds has been filed with the 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 Master District assumes no responsibility for registration of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

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

Any references to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

MUNICIPAL BOND RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Moody's Investors Service, Inc. ("Moody's") have assigned ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to the Bonds, as a result of a municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") at the time delivery of the Bonds. Additionally, Moody's has assigned an underlying rating of "A3" to the Bonds.

An explanation of the significance of a rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such company, and the Master 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.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

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

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the

date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Capitalization of AGM

At September 30, 2018:

- The policyholders' surplus of AGM was approximately \$2,203 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,187 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,863 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the consolidated net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (filed by AGL with the SEC on February 23, 2018);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 (filed by AGL with the SEC on May 4, 2018);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 (filed by AGL with the SEC on August 2, 2018);
and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 (filed by AGL with the SEC on November 9, 2018).

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

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

Miscellaneous Matters

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

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OFFICIAL STATEMENT SUMMARY

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

THE MASTER DISTRICT

- The Issuer Travis County Municipal Utility District No. 4 (the "Master District") is a political subdivision of the State of Texas, created, along with six other conservation and reclamation districts, by an act of the 74th Regular Session of the Texas Legislature on June 16, 1995 (the "Act"), and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The Master District, as a Participant (as herein defined), was created to provide water, wastewater and storm drainage, including water quality facilities, to the approximately 492 acres within its boundaries, all of which lie within Travis County, Texas. The Master District also serves as the regional provider of water, wastewater and storm drainage services, including water quality facilities to participating entities within the Service Area (as herein defined) currently Travis County Municipal Utility Districts No. 3, 4 (in its role as a participant district), 5, 6, 7, 8 and 9 (collectively, the "Participants" and individually a "Participant") located within the Barton Creek Development which consists of a service area of approximately 3,520 acres (the "Service Area"). See "THE MASTER DISTRICT," "SUMMARY OF CERTAIN DOCUMENTS – Master District Contract," and "PARTICIPANTS IN CURRENT SERVICE AREA."
- Location..... The Service Area lies approximately 8 miles south - southwest of Austin's central business district and is situated approximately two miles southwest of the intersection of RM 2244 and Capital of Texas Highway. The Service Area is located entirely within the extraterritorial jurisdiction of the City of Austin. See "THE MASTER DISTRICT."
- The Developer The developer currently active within the Service Area is Stratus Properties Operating Co., L.P. ("Stratus Properties"), a Delaware limited partnership comprised of Stratus Investments L.L.C., a Delaware limited liability company, as its 99% limited partner and STRS L.L.C., a Delaware limited liability company, as its 1% general partner. See "THE DEVELOPER - Description of Developer" and "PARTICIPANTS IN CURRENT SERVICE AREA - Status of Development."
- The Participants..... The Participants comprise approximately 3,520 acres of a master planned community designed to ultimately contain single family, multi-family, senior living center, commercial, retail and office development as well as recreational amenities. Of the 3,520 acres within the Participants, approximately 3,282 acres are developable. See "INVESTMENT CONSIDERATIONS– Certain Development Regulations." All of the Participants have designated the Master District to serve as the master district and regional provider of water, wastewater and storm drainage, including water quality facilities to serve the approximately 3,282 developable acres within the Participants. The Master District also provides certain retail services to the Participants including retail billing and collecting services for each of the Participants. Each Participant was created to construct or acquire internal underground utilities to serve the developable acres within each Participant's boundaries. See "THE MASTER DISTRICT" and "INVESTMENT CONSIDERATIONS."

As of January 1, 2019, approximately 2,463 acres within the Participants has been or is currently being provided water, wastewater and storm drainage, including water quality services, which include: approximately 826 acres in Travis County Municipal Utility District No. 3, approximately 492 acres in Travis County Municipal Utility District No. 4, approximately 660 acres in Travis County Municipal Utility District No. 5, 264 acres in Travis County Municipal Utility District No. 6, and approximately 221 acres in Travis County Municipal Utility District No. 8. As of January 1, 2019, residential development within the Participants included 525 completed single family homes, 19 single family homes under construction, 75 single family lots that are vacant, 208 completed detached condominium patio homes, 1 detached condominium patio homes under construction, 23 detached condominium patio home lots that are vacant, one 216 unit apartment complex (called the Barton Creek Villas) including a clubhouse, fitness center and pool area; one 448 unit apartment complex (called the Santal Apartments) including a clubhouse, fitness center and pool area; additional development includes a senior living center, and commercial, retail and office development. Recreational amenities include the Barton Creek Resort and Spa located in Travis County Municipal Utility District No. 4, which is currently closed for operations and undergoing an estimated \$150 million renovation that is expected to be completed by May, 2019. Once the renovations are completed, the Resort will consist of a 51,000 square foot renovated clubhouse, several restaurants, a conference center that includes 53 meeting rooms, a grand ballroom and event pavilion, a 493 room hotel, the Fazio Foothills 18-hole golf course, the Crenshaw 18-hole golf course, sports and tennis shops, a championship caliber tennis center that includes 10 lighted tennis courts, three swimming pools, a fitness center and spa, jogging trails and a three-level parking garage. Additionally, a third 18-hole golf course

and clubhouse is located within the boundaries of Travis County Municipal Utility District No. 5. Within the Participants there are several tracts at various stages of development and approximately 819 undeveloped but developable acres remaining. See "INVESTMENT CONSIDERATIONS – Certain Development Regulations." See also "THE BARTON CREEK DEVELOPMENT" and "PARTICIPANTS IN CURRENT SERVICE AREA."

Homebuilders Homebuilders in the Service Area include various custom homebuilders who are building homes ranging in price from \$600,000 to over \$14,000,000. See "THE DEVELOPER."

Master District Facilities The Master District, in its capacity as a regional provider of the water, wastewater and storm drainage services, including water quality facilities, has contracted with each of the Participants to construct and provide such services from the Master District Facilities as necessary to serve the Service Area (all hereinafter collectively referred to as the "Master District Facilities"). See "INVESTMENT CONSIDERATIONS - Overlapping and Combined Tax Rates," "MASTER DISTRICT FACILITIES" and "SUMMARY OF CERTAIN DOCUMENTS – Master District Contract."

The Master District Facilities have been constructed with funds provided by Stratus Properties, and such funds have been reimbursed to Stratus Properties with proceeds from the Outstanding Contract Bonds and will be further reimbursed with proceeds from future unlimited contract tax bonds sold by the Master District. The Master District will own and operate the Master District Facilities. Each Participant will own the internal utilities within its boundaries. However, each Participant has contracted with the Master District for the Master District to operate each Participant's internal utilities and provide retail billing and collecting. See "SUMMARY OF CERTAIN DOCUMENTS – Master District Contract."

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THE BONDS

Description	The Bonds in the aggregate principal amount of \$8,000,000 mature serially in varying amounts on September 1 of each year from 2019 through 2025, inclusive, 2028 through 2033, inclusive, and 2040 through 2043, inclusive, and as Term Bonds which mature September 1, 2027 and September 1, 2039, as set forth on the inside cover page hereof. Interest accrues from the Date of Initial Delivery, at the rates per annum set forth on the inside cover page hereof and is payable September 1, 2019 and each March 1 and September 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See "THE BONDS - General Description."
Redemption	Bonds maturing on and after September 1, 2027 are subject to redemption in whole or from time to time in part at the option of the Master District on September 1, 2025, or any date thereafter, in integral multiples of \$5,000 at par plus accrued interest from the most recent interest payment date to the date of redemption. The Term Bonds maturing September 1, 2027 and September 1, 2039 are also subject to mandatory sinking fund redemption. See "THE BONDS - Redemption."
Source of Payment	Principal and interest on the Bonds are payable from and secured by unconditional obligations to make certain debt service requirement payments that are to be made severally by the Participants pursuant to a Master District Contract executed between the Master District and each Participant (collectively the "Pledged Contract Payments"). By execution of the Master District Contract, each Participant has agreed to pay a pro rata share of debt service on the Bonds and Outstanding Contract Bonds as herein defined, based upon the certified assessed valuation of such Participant as a percentage of the total assessed valuation within the Service Area. Participants are obligated to make such Pledged Contract Payments from the proceeds of an annual unlimited ad valorem contract tax levied by such Participant on land within its boundaries for debt service requirements (the "Contract Tax"). No Participant is liable for the payments due by any other Participant. The Bonds are also secured by a Debt Service Fund and a Reserve Fund held by the Trustee pursuant to the terms of the Trust Indenture, as described below. The Bonds are limited obligations of the Master District, payable solely from certain Pledged Contract Payments by each Participant and certain funds held by the Trustee under the Trust Indenture, and are not obligations of the City of Austin, Texas; the State of Texas; Travis County, Texas; or any other political subdivision or agency. See "THE BONDS - Source of and Security for Payment" and "SUMMARY OF CERTAIN DOCUMENTS – The Master District Contract." The Bonds are further secured by a Trust Indenture (the "Trust Indenture") from the Master District to UMB Bank, NA, as successor to BOKF, NA (as "Trustee"). Pursuant to the Trust Indenture, the Master District has assigned to the Trustee all of the Master District's right, title and interest in and to the Pledged Contract Payments. The Trustee shall establish, as described in the Bond Resolution, a debt service fund to collect and deposit the Contract Payments in sufficient amounts for payment of the principal of and interest on the Bonds and Outstanding Contract Bonds (as defined below) as such become due (the "Debt Service Fund"), and a reserve fund, which was initially funded from proceeds of the Master District's first bond issue, to be used to pay principal of and interest on the Bonds and Outstanding Contract Bonds if sufficient funds are not available for such purpose in the Debt Service Fund, or to pay the principal of and interest on the Bonds and Outstanding Contract Bonds in connection with the refunding, redemption or final payment of the Bonds and any additional bonds issued in the future (the "Reserve Fund"). See "SUMMARY OF CERTAIN DOCUMENTS - The Trust Indenture."
Payment Record	The Bonds are the twenty-fifth series of unlimited contract tax bonds overall issued by the Master District. The Master District has not defaulted on debt service payments on the Outstanding Contract Bonds. Up to two years of capitalized interest was included in each series of the unlimited contract tax bonds, except the refunding bonds. See "APPENDIX A - Certain Financial Information Regarding the Participants."
Authority for Issuance	The Bonds are the sixteenth series of new money unlimited contract tax bonds pursuant to the Master District Contract (as hereinafter defined) for the purpose of constructing the Master District Facilities necessary to provide regional water, wastewater and storm drainage, including water quality, services to the entire Service Area. The Master District has also issued nine series of unlimited contract tax refunding bonds. The Master District has the following unlimited contract tax bonds outstanding: \$3,900,000 Unlimited Contract Tax Refunding Bonds, Series 2011; \$6,295,000 Unlimited Contract Tax Refunding Bonds, Series 2012; \$9,385,000 Unlimited Contract Tax Refunding Bonds, Series 2013; \$5,405,000 Unlimited Contract Tax Refunding Bonds, Series 2014; \$2,830,000 Unlimited Contract Tax Refunding Bonds, Series 2015; \$5,755,000 Unlimited Contract Tax Bonds, Series 2015A; \$9,455,000 Unlimited Contract Tax Refunding Bonds, Series 2016; \$13,775,000 Unlimited Contract Tax Bonds, Series 2016A, \$5,775,000 Unlimited Contract Tax Refunding Bonds, Series 2017; and \$16,945,000 Unlimited Contract Tax Bonds, Series 2017A (collectively, the "Outstanding Contract Bonds"). The Bonds are issued pursuant to the Master District Contract, an election held on November 7, 1995 within each of the Participants approving the Master District

Contract and the levy of taxes in support thereof, a resolution authorizing the issuance of the Bonds adopted by the Board of Directors of the Master District (the "Bond Resolution"), the Trust Indenture, Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended. See "INVESTMENT CONSIDERATIONS - Future Debt" and "THE BONDS - Authority for Issuance" and – "Issuance of Additional Bonds."

Use of Proceeds..... The proceeds of the Bonds will be used to finance: (i) raw water intake pump control valves replacement; (ii) South Water Treatment Plant perimeter security wall; (iii) North Wastewater Treatment Plant effluent storage pond line repair; (iv) North Wastewater Treatment Plant unit 1 rehabilitation; (v) North Wastewater Treatment Plant fine screen and splitter box replacement; (vi) South Wastewater Treatment Plant effluent transfer and disposal; (vii) Woods Lift Station electrical modifications; and (viii) endangered species permit land road debt payment, legal and consulting fees. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

The remaining Bond proceeds will be used to: (i) pay developer interest; (ii) pay certain engineering costs; (iii) fund the debt service reserve fund; and (iv) pay other costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Issuance of Additional Debt..... Pursuant to the Master District Contract, the Master District is authorized, with the consent of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"), to issue additional unlimited contract tax bonds to acquire, construct, improve or expand Master District Facilities necessary to serve the Service Area.

Any additional unlimited contract tax bonds would be on parity with the Bonds and Outstanding Contract Bonds. The Master District Contract and the Bond Resolution impose no limitation on the amount of additional parity bonds which may be issued by the Master District. See "THE BONDS – Issuance of Additional Bonds" and "INVESTMENT CONSIDERATIONS - Future Debt."

Municipal Bond Ratings and Insurance.....

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC ("S&P") and Moody’s Investors Service, Inc. ("Moody’s") have assigned ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to the Bonds, as a result of a municipal bond insurance policy to be issued by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") at the time delivery of the Bonds. Additionally, Moody’s has assigned an underlying rating of "A3" to the Bonds.

Qualified Tax-Exempt Obligations

The Master District has designated 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) issued by it during calendar year 2019 is not reasonably expected to exceed \$10,000,000. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions."

Bond Counsel and Disclosure Counsel.....

McCall, Parkhurst & Horton L.L.P., Austin, Texas.

General Counsel

Armbrust & Brown, PLLC, Austin, Texas.

Financial Advisor

Public Finance Group LLC, Austin, Texas.

Trustee

UMB Bank, NA, Austin, Texas.

Paying Agent/Registrar

UMB Bank, NA, Austin, Texas.

Engineer.....

Murfee Engineering Co., Austin, Texas.

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds involve certain investment considerations and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned "INVESTMENT CONSIDERATIONS," with respect to the investment security of the Bonds.

THE MASTER DISTRICT CONTRACT

Participants The Master District has entered into a separate contract with each of the Participants, which currently consist of seven municipal utility districts each organized and operating pursuant to Article 16, Section 59 of the Constitution of Texas and Chapters 49 and 54, Texas Water Code, which contract authorizes the Master District to issue contract tax bonds sufficient to complete acquisition and construction of Master District Facilities as needed to serve all Participants in the Service Area (collectively, the "Master District Contract").

Debt Service Payments By execution of the Master District Contract, the Participants have agreed to levy, assess, and collect an ad valorem Contract Tax on taxable property within the boundaries of each respective Participant, without limit as to rate or amount sufficient to make timely payments of all charges including debt service on Master District bonds, including the Bonds. The Participants agree to pay their pro rata share of debt service requirements to the Master District, which has directly assigned such portion of the Pledged Contract Payments to the Trustee under the Trust Indenture. The pro rata share of each Participant will be determined by the ratio of the total certified assessed value within a Participant, divided by the cumulative total of the certified assessed value of all the Participants. The pro rata share of debt service is calculated on certified assessed value only, and the pro rata share is not to be calculated on a basis of water demand/equivalent connections. The Pledged Contract Payment assigned to the Trustee shall include principal and interest on the Bonds and Outstanding Contract Bonds, all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain funds established under the Bond Resolution or Trust Indenture. See "THE BONDS -Source of and Security for Payment and – Pledged Contract Payments by the Participants" and "SUMMARY OF CERTAIN DOCUMENTS - Master District Contract."

The Participants are obligated severally, but not jointly, to make Pledged Contract Payments to the Master District in an amount sufficient to pay their pro rata share of debt service requirements on the Bonds and Outstanding Contract Bonds. No Participant is obligated, contingently or otherwise, to make any Pledged Contract Payments owed by any other Participant. See "PARTICIPANTS IN CURRENT SERVICE AREA."

Water, Wastewater and
Drainage Revenue Each Participant is obligated to pay monthly charges to the Master District for water, wastewater and storm drainage, including water quality, services rendered to such Participant pursuant to the Master District Contract ("Monthly Charges"). The Monthly Charges paid by each Participant to the Master District will be used to pay each Participant's share of the operations and maintenance expenses of the Master District Facilities and to provide or replenish an operation and maintenance reserve equivalent to three months of operations and maintenance expenses. The Master District Contract obligates the Master District to establish, maintain and from time to time adjust the rates, fees and charges for each Participant's wastewater collection system, water distribution system and drainage system, or the availability of such services, to the end that the gross revenues therefrom together with any taxes levied in support thereof and funds received from any other lawful source would be sufficient at all times to pay all of each Participant's obligations to the Master District under the Master District Contract, including each Participant's obligation to pay its pro rata share of the debt service requirements on the Bonds and Outstanding Contract Bonds. See "INVESTMENT CONSIDERATIONS - Water, Wastewater and Water Quality" and "SUMMARY OF CERTAIN DOCUMENTS - Master District Contract."

SELECTED FINANCIAL INFORMATION
(Unaudited)

Assessed Valuations of the Participants ^(a):

Participants Travis County MUD No.	2018		2017		2016	
	Certified Assessed Valuation	% of Total	Certified Assessed Valuation	% of Total	Certified Assessed Valuation	% of Total
3	\$ 697,213,994	51.84%	\$ 674,705,331	51.85%	\$ 631,193,777	
4	79,723,722	5.93%	103,778,774	7.98%	128,597,638	
5	281,331,305	20.92%	253,614,609	19.49%	203,761,483	
6	167,987,487	12.49%	156,150,053	12.00%	165,059,606	
7	1,646,625	0.12%	1,638,252	0.13%	1,639,115	
8	113,138,796	8.41%	107,633,024	8.27%	88,508,297	
9	3,830,643	0.28%	3,702,584	0.28%	3,561,579	
	<u>\$ 1,344,872,572</u>	<u>100.00%</u>	<u>\$ 1,301,222,627</u>	<u>100.00%</u>	<u>\$ 1,222,321,495</u>	

(a) As provided by Travis Central Appraisal District ("TCAD").

Status of Development as of January 1, 2019

Participants Travis County MUD No.	Acres	Total Developed Lots		Completed Units		Units Under Construction		Vacant Lots/Units	
		Single Family	Condo/ Multi- Family	Single Family	Condo/ Multi- Family	Single Family	Condo/ Multi- Family	Single Family	Condo/ Multi- Family
3	854.02	361	374 ^(a)	341 ^(b)	373 ^(c)	2	1	9	-
4	491.54	- ^(d)	36	-	28	-	-	-	8
5	686.80	182	38	107 ^(e)	23	17	-	57	15
6	271.63	65	-	53 ^(f)	-	-	-	3	-
7	217.34	-	-	-	-	-	-	-	-
8	708.30	34	448	24 ^(g)	448	-	-	6	-
9	290.75	-	-	-	-	-	-	-	-
	<u>3,520.38</u>	<u>642</u>	<u>896</u>	<u>525</u>	<u>872</u>	<u>19</u>	<u>1</u>	<u>75</u>	<u>23</u>

- (a) Includes 158 single-family detached condominium lots and 216 apartment units. In addition, the Querencia senior living facility is located within Travis County Municipal Utility District No. 3. See footnote (a) on page A-4 of Appendix A.
- (b) Includes one home built on three lots and seven homes built on two lots each.
- (c) Includes 158 single-family detached condominium units and 216 apartment units.
- (d) Development within Travis County Municipal Utility District No. 4 includes the Barton Creek Resort and Spa, which is currently undergoing renovation and is currently closed for operations.
- (e) Includes one house on two lots currently under construction.
- (f) Includes four homes built on two lots each, one home built on three lots and one house built on four lots.
- (g) Includes two homes built on three lots each. Stratus Properties completed construction of a 236 unit multi-family project (called the Santal Apartments) in Barton Creek Section N on approximately 35 acres, which includes a clubhouse and 11 apartment buildings. Stratus Properties began construction of Phase II of the Santal Apartments (an additional 212 apartment units) in May 2017, which were completed in January 2019.

Gross Contract Debt Outstanding (after issuance of the Bonds)	\$87,520,000 ^(a)
Ratio of Gross Contract Debt to 2018 Certified Assessed Valuation	6.51%

Master District Funds Available as of February 5, 2019 ^(b):

Debt Service Fund.....	\$ 2,272,469 ^(c)
Debt Service Reserve Fund	2,495,572 ^(d)
Special Revenue Fund.....	2,841,914
Capital Projects Fund	1,767,873
Average percentage of current tax collections – Tax years 1996 through 2017.....	99.02%
Average percentage of total tax collections - Tax years 1996 through 2017.....	99.33%
Average Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2019 through 2040) ("Average Requirement").....	\$5,472,980
Tax rate required to pay Average Requirement based upon the aggregate 2018 Certified Assessed Valuation at 95% collections	\$0.43/\$100 A.V.
Maximum Annual Debt Service Requirement and the Bonds and the Outstanding Bonds (2034) ("Maximum Requirement")	\$5,786,203
Tax rate required to pay Maximum Requirement based upon the aggregate 2018 Certified Assessed Valuation at 95% collections	\$0.46/\$100 A.V
Number of connections as of January 1, 2019:	
Single Family and Detached Condos:	
Occupied	729
Unoccupied.....	10
Residential Builders	31
Apartments (452 Total Units/425 occupied)	6
Commercial	28
Schools	3
Irrigation	84
Other	<u>14</u>
Total.....	905
Estimated Population as of January 1, 2019.....	3,614 ^(e)

(a) Includes the Bonds. See "Appendix A – Certain Financial Information Regarding the Participants" for other outstanding debt of the Participants.

(b) Unaudited.

(c) Neither the Bond Resolution nor Texas law requires that the Master District maintain any particular sum in the Debt Service Fund; however, pursuant to the Bond Resolution and the Trust Indenture, a Reserve Fund equivalent to six months' debt service requirement on the Bonds and Outstanding Contract Bonds has been established as security for the Bonds and Outstanding Contract Bonds. Pursuant to the Bond Resolution and the Trust Indenture, a determination is made with respect to amount, if any, of additional deposits to the Reserve Fund upon the issuance of additional contract tax bonds. No assurances can be made that additional monies will be deposited upon the issuance of additional contract tax bonds.

(d) A Reserve Fund currently established in a fixed amount generally equivalent to six months debt service requirements on the Bonds and Outstanding Contract Bonds has been established as security for the owners of such bonds. Pursuant to the Trust Indenture, the Master District may adjust the amount required to be on deposit in the Reserve Fund each time it issues additional contract bonds. At the discretion of the Master District, the issuance of such additional contract bonds may result in the amount required to be on deposit in the Reserve Fund being less than six months debt service requirements on the Outstanding Contract Bonds. No assurance can be made that additional monies will be deposited to the Reserve Fund or that the amount required to be on deposit in the Reserve Fund will be maintained at any particular amount upon the issuance of additional contract bonds.

(e) Based upon 3.5 residents per completed single family home and detached condo and 2.5 residents per occupied apartment unit. As of January 1, 2019 the Barton Creek Villas Apartments were 94% occupied (203 units) and the Santal Apartments Phase I were 94% occupied (222 units). Does not include the Santal Apartments Phase 2 (an additional 212 units), which were completed in January 2019.

OFFICIAL STATEMENT

relating to

\$8,000,000

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(A Political Subdivision of the State of Texas Located in Travis County, Texas)**

Unlimited Contract Tax Bonds, Series 2019

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Travis County Municipal Utility District No. 4 (the "Master District") of its \$8,000,000 Unlimited Contract Tax Bonds, Series 2019 (the "Bonds").

The Bonds are issued pursuant to the authority of seven separate contracts entitled "Contract for Financing and Operations of Regional Waste Collection, Treatment and Disposal Facilities, Regional Water Supply and Delivery Facilities and Regional Drainage Including Water Quality Facilities" executed between the Master District and each Participant (as defined below) as approved by elections held within each Participant on November 7, 1995 (collectively, the "Master District Contract"), the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the Master District (the "Board"), a trust indenture (the "Trust Indenture") and an order of the Texas Commission on Environmental Quality (the "TCEQ") approving the issuance of the Bonds.

This Official Statement includes descriptions, among others, of the Bonds, the Bond Resolution, the Trust Indenture, the Master District Contract, and certain other information about the Master District and Travis County Municipal Utility Districts No. 3, 4 (in its role as a participating district), 5, 6, 7, 8, and 9 (collectively, the "Participants" and individually a "Participant"). All descriptions of documents contained herein are summaries and are qualified in their entirety by reference to each document. Copies of documents referenced herein may be obtained from the Master District, c/o Armbrust & Brown, PLLC, 100 Congress, Suite 1300, Austin, Texas 78701.

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

THE BONDS

General Description

The Bonds will bear interest from the Date of Initial Delivery, and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on September 1, 2019 and each March 1 and September 1 thereafter until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Bonds will be issued in fully registered form only, without coupons, in denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only utilizing DTC's book-entry-only system (the "Book-Entry-Only System"). So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is UMB Bank, NA, Austin, Texas (the "Paying Agent").

Redemption

Optional Redemption . . . The Master District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after September 1, 2027, in whole or from time to time in part, on September 1, 2025, or on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

Mandatory Sinking Fund Redemption . . . In addition to being subject to optional redemption, as provided above, the Bonds maturing on September 1, 2027 and September 1, 2039 are subject to mandatory sinking fund redemption prior to maturity by lot in the following amounts, on the following dates and at a price of par plus accrued interest to the redemption date from amounts required to be deposited in the Debt Service Fund:

\$20,000 Term Bond Maturing September 1, 2027	
Mandatory Redemption Date	Principal Amount
2026	\$ 10,000
2027*	10,000

\$100,000 Term Bond Maturing September 1, 2039	
Mandatory Redemption Date	Principal Amount
2034	\$ 25,000
2035	25,000
2036	15,000
2037	5,000
2038	5,000
2039*	25,000

* Stated Maturity

The principal amount of the Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Master District, by the principal amount of any Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date: (1) shall have been acquired by the Master District, at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the Master District, with monies in the Debt Service Fund at a price not exceeding the principal amount of the Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

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

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

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

Selection of Bonds for Redemption

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

DTC Redemption Provisions

The Paying Agent/Registrar and the Master 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 Resolution or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC Participant, as herein defined, or of any Direct Participant or Indirect Participant, as herein defined, to notify the beneficial owner, shall not affect the validity of the redemption of Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the Bonds by the Master District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC Participants in accordance with its rules or other agreements with DTC Participants and then Direct Participants and Indirect Participants may implement a

redemption of such Bonds and such redemption will not be conducted by the Master District or the Paying Agent/Registrar. Neither the Master District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants. Neither the District nor the Paying Agent/Registrar will have any responsibility to the DTC Participants, Indirect Participants or the persons for whom DTC Participants act as nominees, with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

Termination of Book-Entry-Only System

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

Payment . . . Principal of the Bonds will be payable at maturity to the registered owners as shown by the registration books maintained by the Paying Agent upon presentation and surrender of the Bonds to the Paying Agent at the designated office for payment of the Paying Agent in Austin, Texas (the “Designated Payment/Transfer Office”). Interest on the Bonds will be payable by check or draft, dated as of the applicable interest payment date, sent by the Paying Agent by United States mail, first-class, postage prepaid, to the registered owners at their respective addresses shown on such records, or by such other method acceptable to the Paying Agent requested by registered owner at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent is located are required or authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

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

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

Replacement Bonds

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

Authority for Issuance

The Bonds represent the twenty-fifth series of contract tax bonds overall issued by the Master District. The Master District has the following unlimited contract tax bonds outstanding: \$3,900,000 Unlimited Contract Tax Refunding Bonds, Series 2011; \$6,295,000 Unlimited Contract Tax Refunding Bonds, Series 2012; \$9,385,000 Unlimited Contract Tax Refunding Bonds, Series 2013; \$5,405,000 Unlimited Contract Tax Refunding Bonds, Series 2014; \$2,830,000 Unlimited Contract Tax Refunding Bonds, Series 2015; \$5,755,000 Unlimited Contract Tax Bonds, Series 2015A; \$9,455,000 Unlimited Contract Tax Refunding Bonds, Series 2016; \$13,775,000 Unlimited Contract Tax Bonds, Series 2016A, \$5,775,000 Unlimited Contract Tax Refunding Bonds, Series 2017; and \$16,945,000 Unlimited Contract Tax Bonds, Series 2017A (collectively, the “Outstanding Contract Bonds”).

At separate elections held within the boundaries of each Participant on November 7, 1995, the voters of each Participant approved the Master District Contract, thereby authorizing the issuance of the Outstanding Contract Bonds, the Bonds and future unlimited contract tax bonds. See “Issuance of Additional Bonds” below.

By order dated January 2, 2019, the TCEQ authorized the Master District to sell the Bonds subject to certain restrictions, including the use of Bond proceeds as summarized in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are issued by the Master District pursuant to the terms and provisions of the Master District Contract, an election held on November 7, 1995 with each of the Participants approving the Master District Contract and the levy of taxes in support thereof, an order of the TCEQ, the Bond Resolution, the Trust Indenture, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, and general laws of the State of Texas relating to issuance of bonds by political subdivisions of the State of Texas.

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

Source of and Security for Payment

The Bonds constitute valid and legally binding special obligations of the Master District, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion. The Bonds are payable solely from and to the extent that certain payments required by the Master District Contract are made by the Participants to the Trustee for the purpose of paying the debt service on the Bonds and Outstanding Contract Bonds. The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Master District bonds, including the Bonds and Outstanding Contract Bonds, and any future unlimited contract tax bonds based upon the Participants' certified assessed valuation as a percentage of the total assessed valuation in the Participants (the "Service Area") except that pursuant to its Master District Contract, Travis County Municipal Utility District No. 5 and Travis County Municipal Utility District No. 6 may choose not to utilize the Master District's wastewater treatment services and in such instance will not be responsible for any debt service on bonds issued for wastewater facilities. The debt service requirements shall be calculated to include the charge and expenses of paying agents, registrars and trustees utilized in connection with the Bonds, the principal, interest and redemption requirements of the Bonds and all amounts required to establish and maintain funds established under the Bond Resolution or Trust Indenture. Each Participant is obligated to pay its pro rata share of the annual debt service on the Bonds and Outstanding Contract Bonds from the proceeds of an annual ad valorem contract tax which is not limited as to rate or amount, revenues derived from the operation of each Participant's internal water, wastewater and drainage system or from any other legally available funds of each Participant. Each Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a contract tax for the purpose of paying debt service on the Bonds and Outstanding Contract Bonds is the sole responsibility of each Participant. See "SUMMARY OF CERTAIN DOCUMENTS."

The Bonds and Outstanding Contract Bonds are secured by a Trust Indenture from the Master District to the Trustee. Pursuant to the Trust Indenture, the Master District has assigned to the Trustee all of the Master District's right, title and interest in and to the Pledged Contract Payments (as herein defined) required by the Master District Contract. See "SUMMARY OF CERTAIN DOCUMENTS – Trust Indenture."

Payment Record

The Master District has previously issued fifteen series of unlimited contract tax bonds and nine series of unlimited contract tax refunding bonds. See "COMPOSITE FINANCIAL STATEMENT – Outstanding Contract Tax Bonds." The Master District has never defaulted in payment of principal or interest on the Outstanding Contract Bonds. Capitalized interest in an amount equal of up to two years' debt service requirements was included in each series of unlimited contract tax bonds, except the refunding bonds.

Pledged Contract Payments by the Participants

Principal of and interest on the Bonds and Outstanding Contract Bonds are payable from and secured by an unconditional obligation to make certain payments that are to be made severally by the Participants pursuant to the Master District Contract for the purpose of paying their pro rata shares of debt service requirements which includes principal of and interest on the Bonds and any additional bonds, amounts to be deposited in the Reserve Fund and fees and charges due the Trustee and the Paying Agent (the "Pledged Contract Payments"). By execution of the Master District Contract, the Participants have each agreed to pay such pro rata share of debt service on the Bonds, Outstanding Contract Bonds and any additional bonds based upon the certified assessed valuation of each Participant as a percentage of the total assessed valuation of the Service Area. Participants are obligated to make such debt service payments from the proceeds of an annual unlimited ad valorem contract tax levied by such Participant on land within its boundaries for such purpose (the "Contract Tax"). No Participant is liable for the payments due by any other Participant. The Bonds and Outstanding Contract Bonds are limited obligations of the Master District, payable solely from the Pledged Contract Payments and certain funds held by the Trustee under the Trust Indenture, and are not obligations of the State of Texas; Travis County, Texas; the City of Austin, Texas; or any entity other than the Master District. See "SUMMARY OF CERTAIN DOCUMENTS – Master District Contract." The Master District shall calculate on or before September 1 of each year, or as soon thereafter as practical, the amount of Pledged Contract Payments due from each Participant in the following calendar year. The Contract Payments shall be billed to each Participant by the Master District on or before September 1 of the year prior to the year in which such Pledged Contract Payments become due, or as soon thereafter as practical. Such Pledged Contract Payments shall be due and payable from each Participant directly to the Trustee semiannually on or before February 15 and August 15 of each year.

Unconditional Obligation to Pay

All charges imposed by the Master District to pay debt service on the Bonds and Outstanding Contract Bonds will be made by the Participants without set-off, counterclaim, abatement, suspension, or diminution, nor will any Participant have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor will the obligations of the Participants be otherwise affected for any reason, including without limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities, failure of the Master District to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Master District Contract. All sums required to be paid by the Participants to the Master District for such purposes will continue to be payable in all events and the obligations of the Participants will continue unaffected, unless the requirement to pay is reduced or terminated pursuant to an express provision of the Master District Contract. If any Participant disputes the amount to be paid to the Master District, the Participant shall nonetheless promptly make payments as billed by the Master District, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all Participants so that the appropriate Participant will receive credit for its overpayments.

Funds

Pursuant to the Trust Indenture, a Debt Service Fund and a Reserve Fund have been created as trust funds for the benefit of the registered owners of the Bonds and Outstanding Contract Bonds. The proceeds from Pledged Contract Payments collected for and on account of the Bonds and Outstanding Contract Bonds shall be transferred to the Trustee directly from each Participant by February 15 and August 15 of each year and then deposited in the Debt Service Fund. See "SUMMARY OF CERTAIN DOCUMENTS – Trust Indenture."

Defeasance of Outstanding Bonds

General. The Bond Resolution provides for the defeasance of the Bonds and the termination of the pledge of Pledged Contract Payments and all other general defeasance covenants in the Bond Resolution under certain circumstances. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Obligation") within the meaning of the Bond Resolution, except to the extent provided below for the Paying Agent to continue payments and for the Master District to retain the right to call Defeased Obligations 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 the establishment of irrevocable provisions for the giving of such notice) 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 and when proper arrangements have been made by the Master District with the Paying Agent or an eligible trust company or commercial bank for the payment of its services until after all Defeased Obligations shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Obligation, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the Pledged Contract Payments pledged as provided in the Bond Resolution, and such principal and interest shall be payable solely from such money or Defeasance Securities.

The deposit under clause (ii) above shall be deemed a payment of a Bond when proper notice of redemption of such Bonds shall have been given or the establishment of irrevocable provisions for the giving of such notice, in accordance with the Bond Resolution. Any money so deposited with the Paying Agent or an eligible trust company or commercial bank may at the discretion of the Board of Directors also be invested in Defeasance Securities, maturing in the amounts and at the times as set forth in the Bond Resolution, and all income from such Defeasance Securities received by the Paying Agent or an eligible trust company or commercial bank that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Board of Directors.

All money or Defeasance Securities set aside and held in trust pursuant to the provisions of the Bond Resolution 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 Obligations shall have become due and payable, the Paying Agent shall perform the services of Registrar for such Defeased Obligations the same as if they had not been defeased, and the Master District shall make proper arrangements to provide and pay for such services as required by the Bond Resolution.

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

If money or Defeasance Securities have been deposited or set aside with the Paying Agent or an 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 Resolution 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 Obligation to be paid at its maturity, the Master District retains the right under Texas law to later call that Defeased Obligation for redemption in accordance with the provisions of the Bond Resolution, the Master District may call such Defeased Obligation for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions set forth above regarding such Defeased Obligation as though it was being defeased at the time of the exercise of the option to redeem the Defeased Obligation and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Obligation.

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

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 Resolution 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.

Trustee/Paying Agent/Registrar

Principal of and semiannual interest on the Bonds will be paid by UMB Bank, NA, having its principal payment office in Austin, Texas the initial paying agent/registrar (the "Paying Agent"). The Paying Agent must be either a bank, trust company, financial institution or other entity duly qualified and equally authorized to serve and perform the duties as paying agent and registrar for the Bonds. UMB Bank, NA, has also been appointed to serve as the Trustee under the Trust Indenture. See "SUMMARY OF CERTAIN DOCUMENTS – Trust Indenture."

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

Record Date

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

Issuance of Additional Bonds

The Master District may issue an unlimited amount of additional contract tax bonds necessary to provide those improvements and facilities pursuant to the terms of the Master District Contract, with the approval of the TCEQ, and the Participants would be responsible for the debt service on such bonds. See "Source of Payment" above, "INVESTMENT CONSIDERATIONS – Future Debt" and "COMPOSITE FINANCIAL STATEMENT – Outstanding Contract Tax Bonds." The Bond Resolution imposes no limitation on the amount of additional bonds which may be issued by the Master District. Any additional contract tax bonds issued by the Master District may be on a parity with the Bonds and outstanding Contract Bonds.

The issuance of additional obligations may increase the Master District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. The Master District does not employ any formula with respect to assessed valuations, tax collections, or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds for the construction of additional Master District Facilities is subject to approval by the TCEQ pursuant to issuance guidelines established by it. See "INVESTMENT CONSIDERATIONS – Future Debt."

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a municipal utility district "shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of

all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts and all other kinds and types of districts, public agencies and bodies politic.” Additionally, Section 49.186 of the Texas Water Code provides that bonds, notes or other obligations issued by a municipal utility district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See “MUNICIPAL BOND RATINGS” AND “BOND INSURANCE.”

The Master 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 Master District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

Specific Tax Covenants

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

Additional Covenants

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

Remedies in Event of Default

If the Master District defaults in the payment of the principal of or interest on the Bonds when due, or the Master District defaults in the observance or performance of any of the covenants, conditions, or obligations of the Master District in the Bond Resolution, the Bond Resolution and Chapter 54 of the Texas Water Code provide that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the Master District to make such payment or observe and perform such covenants, obligations, or conditions. Other than a writ of mandamus, the Bond Resolution does not provide a specific remedy for a default. Upon the occurrence of an Event of Default, the Trustee may proceed to protect and enforce the rights of the registered owners of the Bonds and Outstanding Contract Bonds. The Trust Indenture does provide certain limitations on the rights of registered owners to institute suits, actions or proceedings at law or in equity upon the occurrence of an Event of Default. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Bond Resolution and the Master District’s obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so its application rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by the city. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. Ct. J. 819 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in “clear and unambiguous” language. Because it is unclear whether the Texas legislature has effectively waived the Master District’s sovereign immunity from a suit for money damages, registered owners or the Trustee may not be able to bring such a suit against the Master District for breach of the Bond or Bond Resolution covenants. Even if a judgment against the Master District could be obtained, it could not be enforced by direct levy and execution against the Master District’s property or property within the Service Area. Further, the registered owners or the Trustee cannot themselves foreclose on property within the Master District or the Service Area or sell such property to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the enforcement of a claim for payment on the Bonds and Outstanding Contract Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors. See “INVESTMENT CONSIDERATIONS – Registered Owners’ Remedies – Bankruptcy Limitation to Registered Owners’ Rights” and “SUMMARY OF CERTAIN DOCUMENTS – Trust Indenture.”

Annexation and Consolidation

The Master District and the Participants are subject to annexation under certain circumstances. See “ANNEXATION.” In addition, a district (such as the Master District or any Participant) has the legal authority to consolidate with other districts and, in connection therewith, to provide

for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include such district's pro rata share of debt service on the Bonds). No representation is made concerning the likelihood of consolidation by any of the Participants.

Alteration of Boundaries

In certain circumstances, under Texas law any Participant (including the Master District) may alter its boundaries to (1) upon satisfying certain conditions, annex additional territory; and (2) exclude land subject to taxation within the Master District or Participant that is not served by Master District Facilities or internal facilities of a Participant if the Participant simultaneously annexes land of equal acreage and value that may be practicably served by Master District Facilities and the internal facilities of such Participant. No representation is made concerning the likelihood that any Participant would effect any change to its boundaries.

Approval of the Bonds

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

Amendments to Bond Resolution

The Master District may without the consent of or notice to any registered owners amend the Bond Resolution in any manner not detrimental to the interest of the registered owners, including (i) the curing of an ambiguity, inconsistency, or formal defect or omission therein (ii) adding covenants, limitations and restrictions not inconsistent with the Bond Resolution, and (iii) permitting the assumption of the Master District's obligations under the Bond Resolution. In addition, the Master District may, with the written consent of the owners of a majority in principal amount of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Resolution, except that, without the consent of the owners of all of the Bonds affected, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, the redemption price therefore, 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.

BOOK-ENTRY-ONLY SYSTEM

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase.

Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The 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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Master 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, interest and principal 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 Master District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the Master District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, interest and principal payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Master 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 Master District. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

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

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

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the Master District believes to be reliable, but the Master District takes no responsibility for the accuracy thereof.

SUMMARY OF CERTAIN DOCUMENTS

Master District Contract

Each of the Participants has executed the Master District Contract with the Master District and obtained the approval of the Master District Contract from the voters of each Participant at elections held separately within the boundaries of each Participant. The Master District Contract provides that all Participants shall pay a pro rata share of debt service on the Master District bonds, including the Bonds, the Outstanding Contract Bonds and any future unlimited contract tax bonds based upon each Participant's assessed valuation as a percentage of the total certified assessed valuation in the Service Area. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of an annual ad valorem Contract Tax which is not limited as to rate or amount which includes the charges and expenses of paying agents, registrars, and trustees utilized in connection with the Bonds, the principal, interest and redemption requirements of the Bonds and all amounts required to establish and maintain funds established under the Bond Resolution or Trust Indenture. Each Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a Contract Tax or other available means of payment is the sole responsibility of each Participant for the purpose of paying its pro rata share of debt service on the Bonds. The Master District Facilities have been constructed with funds provided by Stratus Properties and proceeds from the outstanding Contract Bonds and future unlimited contract tax bonds issued by the Master District will be used to purchase the Master District Facilities from Stratus Properties. The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

The Master District will own and operate the Master District Facilities. Each Participant within the Service Area (including the Master District in its capacity as provider of internal water distribution, wastewater collection and storm drainage to serve the acreage within its boundaries) will own the internal water distribution, wastewater collection and storm drainage lines within its boundaries; however, the Participants have contracted with the Master District to operate and provide retail billing and collection for their respective internal facilities. The internal facilities have been or are expected to be financed with unlimited tax bonds sold by each of the Participants, including the Master District. It is anticipated that the Master District Facilities will be acquired or constructed in stages to meet the needs of a continually expanding population within the Service Area. In the event that the Master District fails to meet its obligations to provide Master District Facilities as required by the Master District Contract, each Participant has the right pursuant to the Master District Contract to design, acquire, construct, or expand the Master District Facilities needed to provide service to each Participant, and convey such Master District Facilities to the Master District in consideration of payment by the Master District of the actual reasonable necessary capital costs expended by each Participant for such Master District Facilities.

Each Participant is further obligated to pay monthly charges to the Master District for water, sewer and drainage, including water quality, services rendered pursuant to the Master District Contract ("Monthly Charge"). The Monthly Charges to be paid by each Participant to the Master District will be used to pay each Participant's share of operation and maintenance expenses and to provide for an operation and maintenance reserve equal to three months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses and reserve requirements is calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance will be calculated based upon a combination of actual usage and on usage by multiplying the number of equivalent single-family residential connections reserved to each Participant on the first day of the previous month for each of such services by the unit cost per equivalent single-family residential connection. The monthly cost per single family equivalent connection being charged by the Master District to a Participant for water, sewer and drainage, including water quality, services is presently approximately \$133.78 (winter average monthly use of 20,000 gallon water/10,000 gallon wastewater). See "INVESTMENT CONSIDERATIONS – Water, Wastewater and Water Quality." Pursuant to the Master District Contract, the Monthly Charges are to be paid from the water, wastewater and drainage revenues collected from the internal facilities of each Participant or, to the extent such revenues are not sufficient, the levy of an ad valorem contract tax.

Pursuant to the Master District Contract each Participant is obligated to establish and maintain rates, fees and charges for services provided by each Participant's water distribution system, wastewater collection system, and drainage system, together with taxes levied and funds received from any other lawful sources, sufficient at all times to pay each Participant's operation and maintenance expenses, and each Participant's obligations pursuant to the Master District Contract, including each Participant's pro rata share of the Master District's debt service requirements, monthly charges and any expenses related to the retail operation, billing and collecting of the internal facilities by the Master District. All sums payable by each Participant to the Master District pursuant to the Master District Contract are to be paid without set off, counterclaim, abatement, suspension or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Master District Contract provides that the Master District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Master District's Facilities by such Participant in addition to the Master District's other remedies pursuant to the Master District Contract. As a practical matter, the Participants have no alternative provider of the services rendered by the Master District under the Master District Contract. See "THE BONDS –Source of and Security for Payment" and – "Unconditional Obligation to Pay." Under certain conditions the Master District may extend the Service Area and provide services to other parties who will become Participants and agree to assume their pro rata share of the bonded indebtedness of the Master District Facilities in the same manner as the existing Participants. In addition, the Master District is authorized to provide services to others as long as the providing of such services does not impair the right of a Participant to receive service from the Master District. The Master District has contracted to provide certain wholesale services to parties who are not Participants. See "PARTICIPANTS IN CURRENT SERVICE AREA – Future Participants" and "MASTER DISTRICT FACILITIES – Wholesale Service Agreements."

The Master District Contract and the Bond Resolution also reserve the right of the Master District to sell, encumber or dispose of the Master District Facilities under certain circumstances. Such sale, encumbrance or disposition can occur only if: (i) it is in accordance with the Master District Contract, (ii) does not impair the ability of the Participants to receive service under the Master District Contract or make payments on the Bonds, (iii) the Master District receives an opinion of nationally recognized bond counsel that it will not adversely affect the tax exempt status of the Bonds, (iv) the Participants do not incur debt or other obligations except as contemplated by the Master District Contract and (v) the Master District makes a finding that it is in the best interest of the Master District and the Participants. The sale of the Master District Facilities is not currently contemplated by the Master District; however, no assurances can be given regarding whether the Master District will exercise this right under the Master District Contract.

Trust Indenture

The Bonds are further secured by a Trust Indenture (the “Trust Indenture”) from the Master District to UMB Bank, NA, Austin, Texas, as successor Trustee to BOKF, NA. Pursuant to the Trust Indenture, the Master District has assigned to the Trustee all of the Master District’s right, title and interest in and to the Pledged Contract Payments under the Master District Contract. Such Pledged Contract Payments, together with all amounts from time to time on deposit in the Debt Service Fund and Reserve Fund maintained by the Trustee pursuant to the Trust Indenture, together with any other security from time to time thereafter granted to the Trustee shall constitute the “Pledged Revenues” held by the Trustee under the Trust Indenture.

Pursuant to the Trust Indenture, the Trustee is to maintain the Debt Service Fund and Reserve Fund as trust funds to be held in trust solely for the benefit of the registered owners of the Bonds and Outstanding Contract Bonds. The Master District has covenanted in the Trust Indenture that it will cause to be charged to each Participant, and collected and deposited into the Debt Service Fund, Pledged Contract Payments in amounts sufficient, together with other Pledged Revenues, to provide for the payment of all interest due on the Bonds and Outstanding Contract Bonds on or before each interest payment date and all principal payments on the Bonds and Outstanding Contract Bonds on each principal payment date. The Debt Service Fund and the Reserve Fund are to be invested only in investments authorized by the laws of the State of Texas but must be invested in a manner such that the money required to be expended from any fund will be available at the proper time or times. Amounts in the Reserve Fund shall be used to pay interest on and principal of the Bonds and outstanding Contract Bonds when insufficient funds are available for such purpose in the Debt Service Fund or to be applied toward the payment of principal of or interest on the Bonds and Outstanding Contract Bonds, or additional bonds hereafter issued pursuant to the Master District Contract or in connection with the refunding or redemption of the Bonds and Outstanding Contract Bonds or any additional bonds.

The Trust Indenture provides that an Event of Default shall be either of the following occurrences:

- (a) Failure to pay when due the principal, redemption price or interest on any Bond and Outstanding Contract Bonds; or
- (b) Failure to deposit to the Debt Service Fund money sufficient to pay any principal of or interest on any Bond and Outstanding Contract Bonds no later than the date when it becomes due and payable.

Upon the occurrence of an Event of Default, the Trustee is required to give notice thereof to the Master District and, subject to the other provisions of the Trust Indenture, may proceed to protect and enforce its rights and the rights of the registered owners of the Bonds and outstanding Contract Bonds by suit, action or proceeding at equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Trust Indenture, Bond Resolution, Bonds or Outstanding Contract Bonds or in aid of the execution of any power granted in the Trust Indenture or for the enforcement of any of the legal, equitable or other remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such registered owner, including, without limitation, requesting a writ of mandamus issued by a court of competent jurisdiction compelling the directors and other officers of the Master District and/or the Participants to make such payment (but only from and to the extent of the sources provided in the Trust Indenture) or to observe and perform its other covenants, obligations and agreements in the Trust Indenture. The Trust Indenture provides that the Trustee may seek the appointment of receivers, may act without possession of the Bonds or Outstanding Contract Bonds, may act as attorney in fact for the registered owners, no remedy is exclusive and that the delay or omission in the exercise of any right or remedy shall not constitute a waiver.

The Trust Indenture does not provide for any acceleration of maturity of the Bonds and Outstanding Contract Bonds or provide for the foreclosure upon any property or assets of the Master District or the Participants, other than applying the Pledged Revenues as defined in the Trust Indenture in the manner provided in the Trust Indenture.

The Trust Indenture imposes certain limitations on registered owners of Bonds to institute suits, actions or proceedings at law or in equity for the appointment of a receiver or other remedy unless and until the Trustee shall have received the written request of the registered owners of not less than 25% of all Bonds and Outstanding Contract Bonds and any additional bonds from time to time outstanding and secured by the Trust Indenture and the Trustee shall have refused or neglected to institute such suit, action or proceeding for a period of 10 days after having been furnished reasonable indemnity. Notwithstanding the foregoing, registered owners of more than 50% of the aggregate principal amount of the Bonds and Outstanding Contract Bonds and any additional bonds from time to time issued and outstanding shall have the right, by written instrument delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Indenture.

Without the consent of the registered owners, the Master District and the Trustee may from time to time enter into one or more indentures supplemental to the Trust Indenture, which shall form a part of the Trust Indenture, for any one or more of the following purposes:

- (1) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Indenture;
- (2) to grant to or confer upon the Trustee for the benefit of the registered owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the registered owners of the Bonds and Outstanding Contract Bonds or the Trustee or either of them;
- (3) to subject to the lien of the Trust Indenture additional revenues, properties or collateral;
- (4) to modify, amend or supplement the Trust Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Bonds and Outstanding Contract Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;
- (5) to obtain bond insurance or a rating for the Bonds and Outstanding Contract Bonds;
- (6) to permit any unlimited contract tax bonds to be issued in book-entry-only form; and
- (7) to permit the assumption of the Master District's obligations under the Trust Indenture by any other entity that may become the legal successor to the Master District;

provided, however, that no provision in such supplemental indenture shall be inconsistent with the Trust Indenture or shall impair in any manner the rights of the registered owners.

Except as provided in the preceding paragraph, any modification, change or amendment of the Trust Indenture may be made only by a supplemental indenture adopted and executed by the Master District and the Trustee with the consent of not less than a majority of the aggregate principal amount of the Bonds and Outstanding Contract Bonds then outstanding. However, without the consent of the holders of each outstanding Bond, no modification, change or amendment to the Trust Indenture shall:

- (1) extend the time of payment of the principal thereof or interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or the rate of interest thereon, or make the principal thereof or premium, if any, or interest thereon payable in any coin or currency other than that hereinbefore provided, or deprive such registered owner of the lien hereof on the revenues pledged under the Trust Indenture; or
- (2) change or amend the Trust Indenture to permit the creation of any lien on the revenues pledged hereunder equal or prior to the lien hereof, or reduce the aggregate principal amount of Bonds and Outstanding Contract Bonds. In addition, if no Event of Default exists under the Trust Indenture and the Master District is not in default under the Bond Resolution. The Master District may, upon 60 days written notice to the Trustee and the Owners of the Bonds and Outstanding Contract Bonds, discharge and remove the Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the owners of a majority in principal amount of the Bonds and Outstanding Contract Bonds then outstanding and delivered to the Trustee, with notice thereof given to the Master District.

The Trustee may at any time resign and be discharged from the trusts created by giving written notice to the Master District and by providing written notice to the owners of its intended resignation at least ninety (90) days in advance thereof. Such notice shall specify the date on which such resignation shall take effect and shall be sent by first-class mail, postage prepaid to each registered owner. Resignation by the Trustee shall not take effect unless and until a successor to such Trustee shall have been appointed.

In case the Trustee shall resign, or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall otherwise become incapable of acting, or in case the Trustee shall be taken under control of any public officer or officers or a receiver appointed by a court, a successor may be appointed by the registered owners of a majority in principal amount of the Bonds and outstanding Contract Bonds then outstanding, by an instrument or concurrent instruments in writing, signed by such owners or their duly authorized representatives delivered to the Trustee, with notice thereof given to the Master District; provided, however, that in any of the events above mentioned, the Master District may nevertheless appoint a temporary Trustee to fill such vacancy until a successor shall be appointed by the registered owners in the manner above provided, and any such temporary Trustee so appointed by the Master District shall immediately and without further act be automatically succeeded by the successor to the Trustee appointed by the registered owners. The Master District shall provide written notice to the registered owners of the appointment of any successor Trustee, whether temporary or permanent, in the manner provided in the Trust Indenture for providing notice of the resignation of the Trustee. Any successor Trustee or temporary Trustee shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Texas duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$150,000,000.

In the event that no appointment of a successor Trustee is made by the registered owners or by the Master District for a period of 90 days from the receipt of notice of such resignation and removal pursuant to the Trust Indenture, the registered owner of any Bond or the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee.

USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the Bonds will be used to finance: (i) raw water intake pump control valves replacement; (ii) South Water Treatment Plant perimeter security wall; (iii) North Wastewater Treatment Plant effluent storage pond line repair; (iv) North Wastewater Treatment Plant unit 1 rehabilitation; (v) North Wastewater Treatment Plant fine screen and splitter box replacement; (vi) South Wastewater Treatment Plant effluent transfer and disposal; (vii) Woods Lift Station electrical modifications; and (viii) endangered species permit land road debt payment, legal and consulting fees. In addition, proceeds of the Bonds will be used to: (i) pay developer interest; (ii) pay certain engineering costs; (iii) fund the debt service reserve fund; and (iv) pay certain costs associated with the issuance of the Bonds.

The use and distribution of Bond proceeds are set forth below. Of the proceeds to be received from the sale of the Bonds, \$6,953,777 is required for construction costs, and \$1,046,223 is required for non-construction costs, including \$60,634 of Debt Service Reserve Fund.

Construction Costs

A. Developer Contribution Items

None	\$ -
Total Developer Contribution Items	\$ -

B. District Items

1. Raw Water Intake Pump Control Valves Replacement	\$ 272,634
2. South Water Treatment Plant Perimeter Security Wall	590,874
3. North Wastewater Treatment Plant Pond Liner Repair	100,000
4. North Wastewater Treatment Plant Unit No. 1 Rehabilitation	331,160
5. North Wastewater Treatment Plant Fine Screen and Splitter Box Replacement	593,840
6. South Wastewater Treatment Plant Effluent Transfer and Disposal	925,000
7. Woods Lift Station Electrical Modifications/Surge Protection	76,357
8. Endangered Species Permit Road Debt Payment, Legal and Consulting	3,455,850
9. Electrical Service for Woods Lift Station Electrical Modifications	16,012
10. Contingencies for Items No. 4, 5 & 6	185,000
11. Engineering for Items No. 2 & 4-7	407,050
Total District Items	\$ 6,953,777

Total Construction Costs **\$ 6,953,777**

Non-Construction Costs

A. Legal Fees ^(a)	\$ 150,000
B. Fiscal Agent Fees (2%)	160,000
C. Developer Interest ^(b)	267,000
D. Debt Service Reserve Fund	60,634
E. Bond Discount (2.99%)	239,556
F. Bond Issuance Expenses	44,847
G. Bond Application Report Costs	55,000
H. Attorney General Fee (0.10%)	8,000
I. TCEQ Bond Issuance Fee (0.25%)	20,000
J. Contingency ^(c)	41,186
Total Non-Construction Costs	\$ 1,046,223

TOTAL BOND ISSUE REQUIREMENT **\$ 8,000,000**

(a) Represents 2% of the first \$6,000,000 of principal amount and 1.5% of principal amount over \$6,000,000.

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

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

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the Master District and are not obligations of the State of Texas; Travis County, Texas; Austin, Texas; or any other political subdivision other than the Master District. The Bonds are payable solely from and to the extent of the Pledged Contract Payments and Pledged Revenues. The obligations of the Participants to make Pledged Contract Payments are several, not joint, obligations pro-rated among the Participants based upon a proportion of the assessed valuation of property within their respective boundaries to the assessed valuation of the Service Area. No Participant is obligated to pay the Pledged Contract Payments allocated to any other Participant. The security for payment of the principal of and interest on the Bonds, therefore, depends on the ability of each Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries sufficient to pay both debt service requirements on its direct unlimited tax bonds, if any, and to make its Pledged Contract Payments. Taxes collected by each Participant are allocated between Pledged Contract Payments which are the source of payment of the Bonds and Outstanding Contract Bonds and other ad valorem taxes levied by such Participant without priority of taxes levied for one purpose over taxes levied for any other purpose. The collection by each Participant of delinquent taxes owed to it and the enforcement by registered owners of the Participant's obligation to collect sufficient taxes, if required, may be a costly and lengthy process. Furthermore, the Master District and Participants cannot and do not make any representations that continued development of taxable property within the Service Area will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property, if such property is foreclosed upon by a Participant for non-payment of taxes. See "Registered Owners' Remedies" below and "THE BONDS -Source of and Security for Payment."

Factors Affecting Taxable Values and Tax Payments

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

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers and homebuilders are able to obtain financing for development and construction costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete development and construction activities within the Service Area. Because of the numerous and changing factors affecting the availability of funds, the Master District is unable to assess the future availability of such funds for continued development and construction within the Service Area. In addition, although located approximately eight (8) miles from the central downtown business district of the City of Austin, the success of development within the Service Area and growth of Service Area taxable property values are, to a great extent, a function of the Austin metropolitan area and regional economics.

Competition: The demand for and construction of single-family homes in the Service Area could be affected by competition from other residential developments including other residential developments located in other utility districts located near the Service Area, many of which have a more mature development status. In addition to competition for new home sales from other developments, there are numerous previously owned homes in more established neighborhoods closer to downtown Austin that are for sale. Such homes could represent additional competition for new homes proposed to be sold within the Service Area.

The composite tax rate for the Participants may be higher than that of many competing subdivisions, and such higher tax rates could adversely affect future development within the Service Area and the requisite growth of property tax values in the Service Area. Also, lot prices currently charged by the Developer with respect to certain subdivisions in the Service Area may be higher than in competing area subdivisions, and such lot prices may adversely affect home building activities in parts of the Service Area.

The competitive position of the Developer in the sale of developed lots and condominium units and of prospective builders in the construction of single-family residential houses within the Service Area, as well as the position of homeowners in reselling homes, is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the Service Area and tax revenues to be received by the Participants. The Master District can give no assurance that building and marketing programs in the Service Area by the Developer will be implemented or, if implemented, will be successful.

Developer Under No Obligation to the Master District: There are no commitments from or obligations of the Developer or any other landowners within the Service Area to develop their property at any particular rate or according to any specified plan, and there is no restriction on any landowner's right to sell all or any portion of its land. Failure to construct taxable improvements on developed lots and failure of landowners to develop their land would restrict the rate of growth of taxable value in the Service Area. The Master District is also dependent upon the Developer and the other principal landowners for the timely payment of the annual ad valorem tax levied by each Participant for the purpose of paying debt service on the Bonds (the "Contract Tax"), and the Master District cannot predict what the future financial condition of the Developer will be, or what effect, if any, the conditions described herein may have on their ability to pay taxes. See "THE DEVELOPER" and "TAX DATA – Principal Taxpayers."

Dependence Upon the Developer, Lot Owners and Builders: The growth of the tax base is dependent upon additional development of lots in the Service Area and the construction of homes thereon. The Developer is under no obligation to continue to market, or improve, or to develop tracts of land. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment by the Developer. The Master District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowner to whom such party may sell all or a portion of its holdings within the Service Area, to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell its land. The Master District can make no prediction as to the effects that current or future economic or governmental circumstances or regulations may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts or failure of the Developer to develop their land would restrict the rate of growth of taxable value in the Service Area. See "PARTICIPANTS IN CURRENT SERVICE AREA - Status of Development," and "THE DEVELOPER."

Regulatory Constraints: The Master District together with the other Participants is part of an approximately 3,520 acre master planned community. To the extent the remainder of acreage located within the Participants does not develop due to economic or other factors, including, without limitation, implementation of City and other governmental land use, water quality and other regulatory restrictions, such lack of development may have an adverse impact on the assessed valuation and tax rate within the Master District.

According to representatives of Stratus Properties, it has obtained all of the environmental permits required by current laws and regulations to develop its property within the Participants in the manner currently planned. Notwithstanding Stratus Properties obtaining such permits, the Participants are located in an area considered to be environmentally sensitive and environmental regulations are subject to frequent changes. It is located within the contributory zone of the Edwards Aquifer, and the area in which the Participants are situated is known to provide habitat for certain rare and endangered species of wildlife and plants. The area, therefore, has at various times been subject to ordinances, laws, rules, and regulations including particularly those relating to water quality, that restrict the amount and nature, and increase the cost of, land development in the region. Regulatory entities such as the TCEQ, U. S. Environmental Protection Agency, U.S. Fish and Wildlife Service, and private environmental and special interest groups have historically and may in the future seek to impose development restrictions that could affect the taxable value of land within the Participants. See "INVESTMENT CONSIDERATIONS – Certain Development Regulations." Travis County, including areas within and in the vicinity of the Participants, is known to contain habitat of a number of species listed as endangered or threatened under the Endangered Species Act, including the salamander, golden cheeked warbler, the blackcapped vireo, numerous species of cave or karst dwelling invertebrates, and certain species of plant, including the canyon mock orange and the bracted twist flower. Some of these species and/or their habitat may occur within the Participants. In addition, the Participants may contain or affect the habitat of species yet to be listed, but perhaps suitable for listing. The presence of endangered species or their habitat or potential impact on off-site habitat can significantly and adversely affect the value or usability of property. The Endangered Species Act and the regulations promulgated thereunder may prohibit the destruction or adverse modification of habitat without acquiring an appropriate permit.

Impact on Contract Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the Service Area will be the major determinant of the ability or willingness of the property owners within each Participant to pay their taxes. The aggregate 2018 Certified Assessed Valuation of the Service Area is \$1,344,872,572 (see "COMPOSITE FINANCIAL STATEMENT"). After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be \$5,786,203 (2034) and the Average Annual Debt Service Requirement will be \$5,472,980 (2019 through 2040, inclusive). Assuming (1) no increase or decrease from the 2018 Certified Assessed Valuation, and (2) no use of funds on hand, a Pledged Contract Tax rate of \$0.46 per \$100 assessed valuation at a 95% collection rate would be necessary to pay each Participant's pro rata share of the Maximum Annual Debt Service Requirement of \$5,786,203 and a Pledged Contract Tax rate of \$0.43 per \$100 assessed valuation at a 95% collection rate would be necessary to pay each Participant's pro rata share of the Average Annual Debt Service Requirement of \$5,472,980. See "DEBT SERVICE REQUIREMENTS" and "TAX DATA - Tax Adequacy for Debt Service."

The Master District 2018 Pledged Contract Tax for debt service levied by each Participant was \$0.35 per \$100 of assessed valuation. In order for the Participants to maintain their Pledged Contract Tax rates and meet the debt service payments on the Bonds and the Outstanding Contract Bonds, the property tax base in the Service Area must increase rapidly over the next several years. The Master District anticipates that future increases in taxable values of the Service Area will enable it to meet debt service requirements on the Bonds and the Outstanding Contract Bonds without increasing the Pledged Contract Tax above the rates levied in 2018; however, the Master District can make no representation that the taxable property values in the Service Area will increase in the future or will maintain a value sufficient to support the aforementioned Pledged Contract Tax or to justify continued payment of taxes by property owners. See "COMPOSITE FINANCIAL STATEMENT," "TAX DATA - Tax Adequacy for Debt Service," and "APPENDIX A – Certain Financial Information Regarding the Participants."

The Service Area property owners are or will be responsible for the payment of ad valorem taxes levied by each Participant to pay its bonds previously issued or to be issued in the future. See "APPENDIX A" for a listing of outstanding debt of the Participants. Maintenance of each Participant's tax rate will be contingent upon the continued growth within the boundaries of each Participant and within the Service Area. Otherwise, an increase in the tax rate levied to pay the Participant's direct unlimited tax bonds would be necessary to service debt. Absent adequate future growth, the composite tax rate applicable to the Participants could become so high as to adversely affect development in the Service Area, and to jeopardize the ability of the Participants, including the Master District, to levy and collect taxes necessary to meet debt service requirements on outstanding indebtedness, including the Bonds.

In addition, property located within the Service Area is subject to taxation by various other governmental entities. The aggregate amount of taxes imposed by such entities could materially affect development and the sale of homes in the Service Area. See "TAX DATA - Overlapping Taxes for 2018."

Overlapping and Combined Tax Rates

The combined tax rate projections for the Participants reflect a composite tax rate of any Participant including a Participant's debt service and/or maintenance taxes and the Pledged Contract Tax. The tax rate that may be required to service debt on any bonds issued by a Participant is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each Participant, the amount of direct unlimited tax bonds issued by each Participant, regulatory approvals, construction costs and interest rates. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated in the Service Area will be competitive with the tax rates of competing projects in the Austin metropolitan area. To the extent that such composite tax rates are not competitive with competing developments the growth of property tax values in the Service Area and the investment quality or security of the Bonds could be adversely affected. The combined 2018 tax levies of each Participant (including the Pledged Contract Tax) was \$0.4752 per \$100 Assessed Valuation for Travis County Municipal Utility District No. 3, \$0.7296 per \$100 Assessed Valuation for Travis County Municipal Utility District No. 4, \$0.5900 per \$100 Assessed Valuation for Travis County Municipal Utility District No. 5, \$0.4646 per \$100 Assessed Valuation for Travis County Municipal Utility District No. 6, \$0.9089 per \$100 Assessed Valuation for Travis County Municipal Utility District No. 7, \$0.7145 per \$100 Assessed Valuation for Travis County Municipal Utility District No. 8, and \$0.8275 per \$100 Assessed Valuation for Travis County Municipal Utility District No. 9. Such a combined tax levy is higher than the tax levy of many municipal utility districts in the Austin metropolitan area, although such a combined levy is within the range of levies imposed for similar purposes by certain municipal utility districts in the Austin metropolitan area in stages of development comparable to the Service Area.

The current TCEQ rules regarding the feasibility of a bond issue for a utility district in Travis County limit the projected combined total tax rate of entities levying a tax for water, wastewater and drainage to \$1.20. The total combined tax rate for the Participants includes each Participant's projected tax rate including the Pledged Contract Tax. The projections for the Participants are consistent with the rules of the TCEQ. If the total combined tax rate of the Participants should ever exceed \$1.20, the Participant exceeding \$1.20 and the Master District could be prohibited under rules of the TCEQ from selling additional bonds. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments - *Impact on Contract Tax Rates*" above.

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

Water, Wastewater and Water Quality

Each Participant is further obligated to pay monthly charges to the Master District for water, wastewater and water quality services rendered pursuant to the Master District Contract. The monthly charges to be paid by each Participant to the Master District will be used to pay each Participant's share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses and reserve requirements is based upon a combination of actual usage and a "unit cost" of operation and maintenance expense and reserve requirements calculated by the Master District and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Master District for operation and maintenance will be calculated by multiplying the number of equivalent single-family residential connections reserved to each Participant on the first day of the previous month for each of such services by the unit cost per equivalent single-family residential connection. See "MASTER DISTRICT FACILITIES - Operations."

Undeveloped Acreage

There are approximately 3,282 developable acres of land within the Service Area, of which 819 have not been provided with internal water distribution, wastewater collection and/or storm drainage facilities, including water quality facilities, necessary to the construction of taxable improvements. There are about 2,463 acres of land within the Service Area which have been provided with Master Facilities for water distribution, wastewater collection and/or storm drainage facilities, including water quality facilities. The Master District makes no representation as to when or if such development will occur. See "PARTICIPANTS IN CURRENT SERVICE AREA - Status of Development."

Demand for and Fluctuation of Assessed Valuation of Certain Housing Products

As reflected in "THE DEVELOPER – Description of Developer" herein, the housing product completed and currently planned for portions of the Service Area consists of single family and detached condominium units/patio homes with anticipated prices ranging from \$600,000 to over \$14,000,000. Due to the price ranges of the housing currently under construction and planned within the Service Area, the demand and fluctuation of assessed valuation for such housing product may be more adversely affected by economic conditions than other lower cost housing products within the Austin area. Due to the higher than normal average home values within the Service Area, there is a greater likelihood that homeowners will annually challenge TCAD's appraisals.

Effects of Master Planned Community/Regulatory Constraints

The Developer has represented that it intends to sell developed lots and condominiums to individuals, homebuilders, condominium developers, apartment developers or office/retail developers in the Service Area. See "PARTICIPANTS IN CURRENT SERVICE AREA - Status of Development," "THE BARTON CREEK DEVELOPMENT," and "THE DEVELOPER." However, the Developer has no legal obligation to the Master District to carry out its current plans or any other plans of development within the Service Area. Furthermore, there is no restriction

on the Developer or other landowners selling their land. The Master District can make no prediction as to the effects that inflation, interest rates, a depressed economy, falling energy prices, potential transportation problems, flooding, environmental or other government regulations, or other factors, whether economic, governmental or otherwise, may have on the plans of the Developer. See "Factors Affecting Taxable Values and Tax Payments" above.

Neither the Developer nor any subsidiaries, if any, are obligated to pay principal of and interest on the Bonds. See "THE DEVELOPER." Furthermore, the Developer has no binding commitment to the Master District or to the Participants to carry out any plans of development in the Service Area, and the furnishing of information related to proposed development by a developer should not be interpreted as such a commitment.

Dependence on Principal Taxpayers

Approximately 18.33% (\$246,448,683) of the 2018 certified taxable property value of the property within the Service Area is owned by Barton Creek Resort and Clubs, Inc., Barton Creek Villas LLC, Stratus Properties Operating, Santal I LLC, Owner's Club at Barton Creek LP, Barton Creek Village, LLC, Omni Barton Creek Inc., and an individual homeowner. In the event that such taxpayers, or any other principal taxpayer or developer should default in the payment of taxes in an amount which exceeds the Master District's debt service fund surplus, the ability of the Master District to make timely payment of debt service on the Bonds will be dependent on its ability and the ability of each Participant to collect taxes (including the Pledged Contract Tax) from such delinquent taxpayer and other taxpayers within the Service Area. Failure to recover or borrow funds in a timely fashion could result in an increase in the Pledged Contract Tax rate. See "BARTON CREEK RESORT, LLC," "THE DEVELOPER," "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES –Rights in the Event of Tax Delinquencies."

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Participants and the Master District. Subject to the requirements of Texas law discussed below, a political subdivision such as the Participants and the Master District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners' remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismissed the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the Participants and the Master District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is specifically 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 negotiations are impracticable. Under Texas law, a municipal utility district, such as the Participants and the Master District, must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

Bond Insurance Risks

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any earlier due date of such principal by reason of mandatory or optional redemption, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such redemption. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional redemption of the Bonds which is recovered by the Master District from the owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such redemption by the Master District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies that the Paying Agent exercises and the Bond Insurer's consent may be required in connection with amendments to the Bond Resolution.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the Bond Resolution. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its ability to pay claims which is predicated upon a number of factors that could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Paying Agent may be limited by applicable bankruptcy law or other similar laws related to insolvency. No independent investigation into the ability of the Bond Insurer to pay claims has been made and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the Master District

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

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

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

Marketability

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

Continuing Compliance with Certain Covenants

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

Future Debt

Pursuant to the Master District Contract, the Master District may sell unlimited contract tax bonds in an amount necessary to provide the facilities intended to be provided by the Master District on a parity with the Bonds. The Master District anticipates that it will continue to issue unlimited contract tax bonds in installments over the next several years. Stratus Properties has advanced approximately \$68,300,000 for the engineering and construction of Master District Facilities and have been reimbursed approximately \$64,000,000 for such facilities. As of January 1, 2019 approximately \$4,300,000 remains owing to Stratus Properties for the Master District Facilities that are currently completed. The final reimbursement of \$4,300,000 is included in the bond issue, and once paid will fully reimburse the developer, Stratus Properties.

Any future issues of bonds are intended to be sold at the earliest practicable date consistent with the maintenance of a reasonable tax rate in the Service Area (assuming projected increases in the value of taxable property made at the time of issuance of bonds are accurate). The Master District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments - *Impact on Contract Tax Rates*" above and "THE BONDS – Issuance of Additional Bonds."

The Master District has the right to issue obligations other than the Bonds, including unlimited tax bonds for the purpose of financing internal water, wastewater and storm drainage facilities within its boundaries, tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. As a Participant, the voters of the District have authorized the issuance of \$8,850,000 principal amount of unlimited tax bonds, of which \$6,915,000 remains authorized but unissued.

Certain Development Regulations

Property within the Master District and the Participants was originally included in a Water Quality Protection Zone (the "Zone") pursuant to the provisions of Section 26.179 of the Texas Water Code. The purpose of the Zone was to authorize development in accordance with a water quality plan filed by the property owner and approved by the TCEQ. On January 9, 1998, the City of Austin filed a petition in the 345th Judicial District Court in Travis County, Texas (City of Austin v. Horse Thief Ranch et al) to declare unconstitutional and void Section 26.179 of the Texas Water Code and ten (10) water quality zones including the Zone. On June 15, 2000, the Texas Supreme Court in a 6-3 decision affirmed the trial court's decision that Section 26.179 of the Texas Water Code is unconstitutional.

Since the Texas Supreme Court's ruling, any development within the Master District and the other Participants has complied with City of Austin development/water quality ordinances which generally limit the amount of impervious cover. Compliance with the City of Austin development/water quality ordinance will likely result in a less dense development than otherwise allowed under the water quality plan of the Zone and, depending upon market and economic conditions, could adversely affect the ultimate assessed valuation within the Service Area. Additionally, the processing of development plans and plats for the Participants through the City of Austin, without benefit of the Zone, may result in some delay in development approvals.

No Requirement to Build on Developed Lots

There is currently no requirement that individuals or other purchasers of developed lots within the Master District or the other Participants commence or complete construction of improvements within any particular time period. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable value in the Master District and the other Participants.

Environmental Regulation

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

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

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

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

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

Ozone Standard.

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and Environmental Protection Agency’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

In 2015, the EPA and the United States Army Corps of Engineers (“USACE”) promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expands the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the Master District and the Participants, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

On February 28, 2017, the President signed an executive order ordering the EPA and USACE to modify or rescind the CWR. In response, the EPA and the USACE subsequently released a proposed rule rescinding the CWR, reinstating the regulatory text that existed prior to the adoption of the CWR and proposing the development of a revised definition of “waters of the United States.” In June 2018, the EPA and USACE issued a supplemental notice of proposed rulemaking to the 2017 proposed action to repeal the 2015 definition of “waters of the United States” to clarify that the agencies are proposing to permanently repeal the CWR in its entirety and reinstate language in place before the adoption of the CWR while developing a revised definition of “waters of the United States.” Meanwhile, in January 2018, the EPA and the USACE finalized a rule extending the effective date of the CWR until 2020 while the agencies finalize actions to repeal and replace the CWR. This rule delaying the effective date of the CWR was challenged in court and, on August 16, 2018, the U.S. District Court for the District of South Carolina issued a nation-wide injunction rendering the rule extending the effective date of the CWR void, thereby reinstating the CWR in 26 states, including Texas. However, on September 12, 2018, the U.S. District Court for the Southern District of Texas temporarily enjoined the implementation of the CWR in Texas, Louisiana and Mississippi until the case filed by the States of Texas, Louisiana and Mississippi in 2015 is finally resolved.

On December 11, 2018, the EPA and USACE released the proposed replacement definition of “waters of the United States.” The proposed definition outlines six categories of waters that would be considered “waters of the United States,” including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not “waters of the United States,” such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies will take comment on the proposal for 60 days after publication in the Federal Register. If finalized, the proposed rule would apply nationwide, replacing the patchwork framework for Clean Water Act jurisdiction that has resulted from litigation challenging the CWR.

Due to the pending rulemaking activity and rule challenge litigation, there is significant uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings,

operations of municipal utility districts, including the Master District and the Participants, could potentially be subject to additional restrictions and requirements, including permitting requirements.

Operations of the Master District are also potentially subject to stormwater discharge permitting requirements as set forth under the Clean Water Act and regulations implementing the Clean Water Act. The TCEQ adopted, by reference, the vast majority of the EPA regulations relating to stormwater discharges and currently has issued a general permit for stormwater discharges associated with industrial activities and proposed two general permits for stormwater discharges associated with construction activities and municipal separate stormwater systems. Pursuant to the Clean Water Act and EPA regulations, the Master District is defined as a MS4 (Municipal Separate Storm Sewer System) as it is located in an urbanized area as defined by the EPA. Travis County Municipal Utility District No. 4, as a Participant, does not have a population of 1,000 or more people and has, therefore, applied for an exemption to the requirement that it obtain coverage under the permit. Travis County Municipal Utility District No. 4 anticipates receiving an exemption. However, should Travis County Municipal Utility District No. 4 not be exempted from the permitting requirements, the Master District must develop a stormwater management program (the "Stormwater Management Program"). The Stormwater Management Program must include certain minimum control measures as outlined in the Permit. These include pollution prevention and good housekeeping for facility operations, construction site runoff controls, post construction control measures, illicit discharge detection and elimination, and public education. For each minimum control measure, the Master District must utilize one or more best-management practices to achieve minimal compliance as outlined in the permit. Once the Master District has obtained TCEQ approval of the Stormwater Management Program and coverage under the permit, the Master District must report progress under the permit annually to TCEQ. The Master District could incur substantial costs to implement the Stormwater Management Program as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Failure to comply with these requirements may result in the imposition of administrative, civil, and criminal penalties as well as injunctive relief under the Clean Water Act or the Texas Water Code.

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

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.

2019 Legislative Session – Pending Legislation Affecting Ad Valorem Taxation

The 86th Regular Legislative Session convened on January 8, 2019, and will conclude on May 27, 2019. The Texas Legislature will likely enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Bonds. The Governor of Texas has declared property tax reform as an emergency item for the legislative session, with the result that any property tax reform legislation may become effective within the first 60 days of the legislative session. In addition, the Governor may call one or more additional special sessions that may include legislation affecting property taxes. The Master District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions.

Drought Conditions

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

Forward-Looking Statements

The statements contained in this Official Statement, and in any other information provided by the Master District, that are not purely historical, are forward-looking statements, including statements regarding the Master 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 Master District on the date hereof, and the Master District assumes no obligation to update any such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken

or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic competition, 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.

THE BARTON CREEK DEVELOPMENT

The Barton Creek development encompasses approximately 4,157 acres located in western Travis County, Texas, including (i) approximately 3,520 acres located within the boundaries of the Participants, (ii) approximately 305 acres located within Travis County Water Control & Improvement District No. 19 ("WCID 19"), and (iii) approximately 332 acres located outside the boundaries of any municipal utility district, but located within the service area of the Barton Creek Water Supply Corporation (collectively, the "Barton Creek Development").

Development of the Barton Creek Development began in the mid-1980s when the then-developer initiated development within WCID 19, the service area of the Barton Creek Water Supply Corporation and what is now the boundaries of the Master District. Initial development within the Barton Creek Development included construction of the water supply and sewage treatment facilities serving the development, various single-family home lots and the Barton Creek Resort and Spa. Such development was halted shortly after initiation.

Between 1988 and 1990, Stratus Properties' predecessors-in interest acquired a significant portion of the Barton Creek Development, including existing unimproved lots, undeveloped land, the water supply and sewage treatment facilities and the Barton Creek Resort and Spa. Development within WCID 19 was reinstated in 1990. Development within the Participants was reinstated in 1996.

The Barton Creek Development is a master planned community currently designed to contain single family, multi-family, condominium, commercial, office, retail and recreational development and related uses. As of January 1, 2019 residential development within the Participants included 525 completed single family homes, 19 single family homes under construction, 75 single family lots that are vacant, 208 completed detached condominium patio homes, 1 detached condominium patio homes under construction, 23 detached condominium patio home vacant lots, one 216 unit apartment complex, and one 448 unit apartment complex; additional development includes a senior living center, commercial, retail and office development.

Development within Travis County Municipal Utility District No. 3 includes 806 acres of single-family residential subdivisions and a 216 unit multi-family complex known as the Barton Creek Villas apartment complex that includes a clubhouse, fitness center, and pool area on 24.53 acres. Vacant lots are being marketed to various custom homebuilders and individuals with housing products to exceed \$1,000,000 in purchase price. Additional development within Travis County Municipal Utility District No. 3 includes the Querencia senior living facility discussed below, a private school constructed on 31.35 acres, and approximately 11,000 square feet of retail space and 15,000 square feet of office space constructed on approximately 8 acres.

Within Travis County Municipal Utility District No. 5, 220 residential lots have been developed on 384.41 acres, including Calera Court, Calera Drive, Amarra Drive, Phase 1, Amarra Drive, Phase 2, Amarra Drive Phase 3A, Amarra Drive Phase 3B and Block G (Villas at Amarra). Vacant lots are being marketed to various custom homebuilders and individuals with housing products to exceed \$1,000,000 in purchase price. Additionally, an 18-hole golf course is located within the boundaries of Travis County Municipal Utility District No. 5, as well as a 21 acre commercial site.

Within Travis County Municipal Utility District No. 6, the Escala Subdivision has been developed as 65 residential lots on 264.62 acres. Lots are being sold to individuals and custom homebuilders. Residences in Escala range from 3,600 to over 30,000 square feet with a sale price ranging from \$1,600,000 to \$9,000,000.

Within Travis County Municipal Utility District No. 8, the Mirador Subdivision has been developed as 34 residential lots on 186 acres. Lots are being sold to individuals and custom homebuilders. Residences in Mirador range from 3,400 to 7,000 square feet with a sale price ranging from \$1,500,000 to \$7,000,000. Stratus Properties completed the extension of Tecoma Circle north of Southwest Parkway in 2015, which provides road and utility service to the first phase of Barton Creek Section N, located within Travis County Municipal Utility District No. 8. Stratus Properties completed construction of a 236 unit multi-family project in Barton Creek Section N on approximately 35 acres, called the Santal Apartments, which includes a clubhouse and 11 apartment buildings. Stratus Properties began construction of Phase II of the Santal Apartments (an additional 212 apartments units) in May 2017, which were completed in January 2019.

In September 2005, Barton Creek Senior Living Community, Inc. ("BCSLC"), a Texas nonprofit corporation, purchased approximately 38 acres from Stratus Properties to construct Querencia at Barton Creek ("Querencia"), a continuing care retirement community. Also in September 2005, the Travis County Health Facilities Development Corporation issued tax-exempt bonds in the amount of \$111,570,000 on behalf of BCSLC to construct and equip Querencia. Querencia opened in June 2007, is located within Travis County Municipal Utility District No. 3, and is managed by Senior Quality Lifestyles Corporation ("SQLC"), a Texas nonprofit corporation. According to SQLC, Querencia is comprised of 167 Independent Living apartments and villas, 40 Assisted Living suites and 23 Memory Support Assisted Living suites and a nursing facility with 42 health center beds.

BCSLC applied for and was granted a charitable organization tax-exemption, although there is a restrictive covenant that runs with the land that waives BCSLC's right to claim any tax exemption for Travis Co. MUD No. 3 until September 2035. Due to this, the Travis Central Appraisal District ("TCAD") removed Querencia from the tax rolls in the years 2015, 2016, 2017 and 2018. The 2018 assessed value of Querencia is equal to 9.12% of the total assessed value of Travis County MUD No. 3 and 4.73% of the total assessed value of the Service Area.

BCSLC has made payments to Travis County MUD No. 3 in amounts equal to the 2015, 2016, and 2017 taxes owed. Effective June 18, 2018, through 2036, BCSLC, Travis County MUD No. 3 and the Master District have entered into a Payment in Lieu of Taxes Agreement ("PILOT") under which BCSLC has agreed to make annual payments in lieu of taxes based on an appraised value set by TCAD, multiplied by the combined property tax rate of Travis County MUD No. 3.

For a description of the Barton Creek Resort and Country Club and the Owners Club at Barton Creek located within the Barton Creek Development see "BARTON CREEK RESORT, LLC" in this Official Statement.

In addition to the development occurring within the Participants, WCID 19 includes 227 homes and the service area of the Barton Creek Water Supply Corporation includes 212 homes.

THE MASTER DISTRICT

General

The Master District is a political subdivision of the State of Texas created, along with six other conservation and reclamation districts, by an act of the 74th Regular Session of the Texas Legislature (S.B. 1606) on June 16, 1995 and operates under Chapters 49 and 54 of the Texas Water Code, as amended. The Master District is subject to the continuing supervision of the TCEQ.

The Master District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water, including water quality, to the acreage within its boundaries and the Service Area in its capacity as the provider of certain Service Area wide improvements. The Master District may also provide park and recreational facilities and solid waste disposal services. The Master District may issue bonds and other forms of indebtedness to purchase or construct such facilities, if approved by the voters within the Master District and the TCEQ. The Master District may also establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts and provide such facilities and services to the customers of the Master District.

Description and Location

Travis County Municipal Utility District No. 4, as a Participant, encompasses 491.54 acres of land, and in its capacity as the Master District and as the provider of certain area-wide utilities serves the approximately 3,520 acres located in the Service Area, including the acreage within the Master District's boundaries. In addition, the Master District provides wholesale water and sanitary sewer service to Travis County Water Control & Improvement District No. 19 ("WCID 19") and provides wholesale water service to the Barton Creek Water Supply Corporation. See "MASTER DISTRICT FACILITIES – Wholesale Service Agreements." The Master District and its Service Area are located approximately 8 miles south - southwest of Austin's central business district and is situated approximately 2 miles southwest of the intersection of RM 2244 and Capital of Texas Highway. The Service Area lies wholly within the extraterritorial jurisdiction of the City of Austin and within the boundaries of the Austin Independent School District. Access to Barton Creek is currently provided by Capital of Texas Highway to RM 2244 to Barton Creek Boulevard.

PARTICIPANTS IN CURRENT SERVICE AREA

Creation, Authority and Description

Travis County Municipal Utility District Nos. 3, 4 (in its role as a participating district), 5, 6, 7, 8 and 9 (the "Participants") operate as municipal utility districts pursuant to Chapters 49 and 54 of the Texas Water Code and are located within the Barton Creek Development. The creation of the Participants was initiated separately by Stratus Properties to finance the construction of water, wastewater and storm drainage facilities within the Participants' boundaries. The Participants were created by a special act of the Texas Legislature.

The Participants are empowered to exercise all powers and functions which will permit accomplishment of the purposes for which they were created. Each Participant may issue bonds, with the approval of the TCEQ and the authorization of its board of directors and (if payable from taxes) its voters, to acquire and maintain facilities necessary to providing water, wastewater, and storm drainage, including water quality, to the land within their respective boundaries. Each Participant may also establish, operate, and maintain a fire department or contract for fire-fighting services, if the TCEQ and its voters approve a plan for that purpose. To date, Travis County Municipal Utility District No. 3 has issued five series of new money unlimited tax bonds totaling \$11,110,000 and five series of refunding unlimited tax bonds totaling \$13,990,000, Travis County Municipal Utility District No. 4 as a Participant district has issued one series of new money unlimited tax bonds in the amount of \$1,935,000 and one series of refunding unlimited tax bonds in the amount of \$1,750,000, Travis County Municipal Utility District No. 5 has issued four series of new money unlimited tax bonds totaling \$7,770,000, Travis County Municipal Utility District No. 6 has issued one series of new money unlimited tax bonds in the amount of \$1,710,000 and one series of refunding unlimited tax bonds in the amount of \$1,460,000, and Travis County Municipal Utility District No. 8 has issued two series of new money unlimited tax bonds in the amount of \$2,290,000. Travis County Municipal Utility District No. 7 and Travis County Municipal Utility District No. 9 have not issued unlimited tax bonds for the purposes described above, but each district anticipates issuing bonds in the future.

Operations

Pursuant to the Master District Contract, the Master District delivers potable water to each of the customers of the Participants. The Master District will also collect domestic wastewater from the Participant's customers using wastewater services, which the Master District treats and discharges pursuant to the Master District Contract. In addition, the Master District will construct, acquire, maintain and operate storm drainage facilities, including water quality facilities, necessary to serve the Service Area. See "INVESTMENT CONSIDERATIONS" and "MASTER DISTRICT FACILITIES – Regional Water Quality Facilities." The Master District will also be responsible for the retail billing and collecting for services provided. The Master District will be responsible for establishing retail rates for water, sewer and drainage (water quality) service, and is required by the Master District Contract to do so at a level which will produce sufficient revenue to pay operating and maintenance charges of the Master District, to pay other costs of operating and maintaining its own utility systems, and together with tax revenues, to pay its pro rata share of debt service requirements on the Bonds and Outstanding Contract Bonds. The Master District does not expect that revenues from the Participant's retail charges will ever be sufficient to pay a significant portion of Pledged Contract Payments for application to debt service on the Bonds.

Management

Each Participant is governed by a board of directors consisting of five members, which has control and management of all affairs of that Participant. A director's election is held within the boundaries of each Participant. Recent legislation has impacted the ability of certain political subdivisions, such as the Master District, to hold elections in May of even-numbered years. The Board recently voted to conduct its future elections in November of even numbered years. Directors are elected to serve four-year staggered terms. All such directors reside or own property within the Participant on whose board they serve. None of the Participants have any employees. Each Participant contracts for all services required to maintain its operations. The Commission exercises continuing supervisory jurisdiction over each Participant, and operation of each Participant's water, wastewater and storm drainage facilities is subject to regulation by several other state and local agencies.

Financial Data

For a description of the status and history of development within each Participant, its debt structure, principal taxpayers, tax base and collection history, see "APPENDIX A - Certain Financial Information Regarding the Participants."

Future Participants

The Master District has contracted with the Participants covering the entire Service Area. The Service Area may only be enlarged upon approval of a majority of the Participants. The Master District has the right to contract with other participants. Any contract with a participant outside the existing Service Area and any enlargements in size and capacity of the Master District Facilities is subject to the terms and conditions of the Master District Contract and must not impair the right of a Participant to receive services from the Master District except with the consent of the Participants. The Master District agrees that it will only contract with other participants, if any, on substantially the same terms and conditions as are set out in the Master District Contract.

The Master District Contract also provides for the expansion of the Service Area to include customers which are not Participants ("Non-Participants") as long as (1) a majority of the Participants approve the expansion of the Service Area, and (2) Non-Participants agree to pay rates for services equal to (i) the cost of providing water and wastewater services, and (ii) the pro rata share of the capital cost of the Master District Facilities necessary to serve the Non-Participants. The Master District has entered into contracts with Travis County Water Control & Improvement District No. 19 ("WCID 19"), pursuant to the provisions of the Master District Contract, and accepted an assignment of a previous agreement to supply water to Barton Creek Water Supply Corporation ("BCWSC"). See "Service Area" below and "MASTER DISTRICT FACILITIES – Wholesale Service Agreements."

Service Area

Pursuant to the Master District Contract, the Master District is responsible for providing water, wastewater and storm drainage facilities, including water quality facilities, to serve the 3,520 acre Service Area. In addition, the Master District is providing wholesale water supply and wastewater treatment service to the approximate 637 acres located outside the boundaries of the Participants, including wholesale water supply and wastewater treatment services to approximately 305 acres located in WCID 19 (227 equivalent single family connections for water service and 172 equivalent single family connections for wastewater service), and wholesale water supply services to approximately 332 acres served by BCWSC (212 equivalent single family connections).

WCID 19 and BCWSC are being served pursuant to individual wholesale service contracts (the "Wholesale Service Agreements") executed between the Master District and WCID 19 and BCWSC, respectively. See "MASTER DISTRICT FACILITIES - Wholesale Service Agreements."

Status of Development

The following chart more completely describes the status of development within the Service Area as of January 1, 2019:

(The chart appears on the following page)

MUD	Section	Net Acreage	Platted Lots			Completed Units			Under Construction			Vacant Lots	
			Other	Single Family	Detached Condo	Single Family	Detached Condo	Multi- Family	Single Family	Detached Condo	Multi Family	Single Family	Detached Condo
A. Developed with Utility Facilities													
3	The Woods II	79.91	-	73	-	65 ^(a)	-	-	1	-	-	3	-
3	The Fairways	24.42	-	-	49 ^(b)	-	49	-	-	-	-	-	-
3	North Rim	60.61	-	18	-	17	-	-	-	-	-	1	-
3	Barton Creek Villas	24.53	216 ^(c)	-	-	-	-	216	-	-	-	-	-
3	ABC Mid./ Woods III	66.06	-	71	-	71	-	-	-	-	-	-	-
3	The Pointe	73.42	-	-	65 ^(d)	-	64	-	-	1	-	-	-
3	Governor's Hill	31.39	- ^(e)	-	44	-	44	-	-	-	-	-	-
3	Gateway South	6.38	-	1	-	1	-	-	-	-	-	-	-
3	SWACS/St. Gabriel's School	31.35	1 ^(f)	-	-	-	-	-	-	-	-	-	-
3	Section H-3	19.05	-	3	-	-	-	-	-	-	-	3	-
3	ABC West Ph. 1	149.16	- ^(g)	75	-	74	-	-	-	-	-	1	-
3	ABC West Ph. 2	120.24	-	47 ^(h)	-	47	-	-	-	-	-	-	-
3	Barton Creek Retail	8.00	3	-	-	-	-	-	-	-	-	-	-
3	Verano Drive	103.29	-	73	-	66 ⁽ⁱ⁾	-	-	1	-	-	1	-
3	Querencia	27.84	168 ^(j)	-	-	-	-	-	-	-	-	-	-
4	Barton Creek Resort	491.54	- ^(k)	-	36	-	28	-	-	-	-	-	8
5	Calera Court	15.34	-	-	16	-	16	-	-	-	-	-	-
5	Golf Course	255.06	- ^(l)	-	-	-	-	-	-	-	-	-	-
5	Calera Drive	71.02	-	53	-	47	-	-	2	-	-	4	-
5	Amarra Drive, Ph 1	40.15	-	6	2	4	-	-	-	-	-	2	2
5	Amarra Drive, Ph 2	89.44	-	35	-	20	-	-	5	-	-	10	-
5	Amarra Drive, Ph 3A	63.89	-	25	-	20	-	-	2	-	-	3	-
5	Amarra Drive, Ph 3B	84.77	-	63	-	16 ^(m)	-	-	8	-	-	38	-
5	Amarra Commercial	21.00	-	-	-	-	-	-	-	-	-	-	-
5	Block G (Villas at Amarra)	19.80	-	-	20	-	7	-	-	-	-	-	13
6	Section J, Phase 1	27.28	-	11	-	11	-	-	-	-	-	-	-
6	Section J, Phase 2	237.34	-	54 ⁽ⁿ⁾	-	42	-	-	-	-	-	3	-
8	Mirador	186.00	-	34 ^(o)	-	24	-	-	-	-	-	6	-
8	Section N - Santal Apartments	35.00	448 ^(p)	-	-	-	-	448	-	-	-	-	-
		2,463.27	836	642	232	525	208	664	19	1	-	75	23
B. Remaining Undeveloped but Developable Acreage													
7		186.22											
8		349.00											
9		283.34	818.57										
C. Undevelopable Acreage													
3		28.37											
5		26.33											
6		7.01											
7		31.12											
8		138.30											
9		7.41	238.54										
Total Acreage		3,520.38											

(The footnotes appear on the following page)

- (a) Includes 4 homes built on two lots each.
- (b) Platted as one lot, but developed as detached condominium units/patio homes with 49 units.
- (c) Barton Creek Villas, platted as one lot, is a multi-family development apartment complex with 250 total units with a living unit equivalency of 175.
- (d) Platted as one lot, but developed as 65 detached condominium units/patio homes and one gatehouse.
- (e) Platted as two lots, one of which is a single family residence and the other of which is currently being developed as 44 detached condominium units/patio homes.
- (f) Developed by Southwest Austin Catholic School, a Texas nonprofit corporation, as a private school for grades K through 8. The school opened in September, 1999.
- (g) Includes 75 single family lots and 5 commercial/multifamily lots. The 5 commercial/multifamily lots have been developed with utility facilities.
- (h) Includes 41 single family lots and 6 estate lots.
- (i) Includes one completed home on three lots and three completed home on two lots each.
- (j) Senior living facility.
- (k) Includes the Barton Creek Resort and Spa and Owners Club, which is currently undergoing renovation and is closed for operations.
- (l) Includes the Fazio Canyons golf course.
- (m) Includes one house on two lots under construction.
- (n) Includes four homes built on two lots each, one home built on three lots and one home built on four lots.
- (o) Includes two homes built on two lots each and the two owners own three lots each.
- (p) Stratus Properties completed construction of a 236 unit multi-family project (called the Santal Apartments) in Barton Creek Section N on approximately 35 acres, which includes a clubhouse and 11 apartment buildings. Stratus Properties began construction of Phase II of the Santal Apartments (an additional 212 apartment units) in May 2017, which were completed in January 2019.

THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as those in the Service Area include purchasing the land within a future district; petitioning for creation of the district; designing the development; defining a marketing program; planning and scheduling development; securing necessary governmental approvals and permits for development; arranging for the construction and installation of roads, utilities, and drainage facilities; and selling improved and unimproved lots or development parcels to builders, other developers or third parties. Ordinarily, a developer pays one hundred percent (100%) of the costs of paving and amenity design and construction while the utility district finances the costs of the water supply and distribution, wastewater collection and treatment and drainage facilities. However, the TCEQ may require the developer to pay up to thirty percent (30%) of the cost of certain water distribution, wastewater collection and drainage facilities. While a developer is required by the TCEQ to pave streets and pay for its allocable portion of the costs of utilities to be financed by the district through a specific bond issue, if any, a developer is generally under no obligation to a district to undertake development activities with respect to other property it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds. The primary developer currently active within the Service Area is Stratus Properties.

Description of Developer

Stratus Properties Operating Co. L.P.

Portions of the original land located within the Participants were planned for development by a developer during the mid- 1980s. At that time, the developer initiated development within WCID 19 and the service area of BCWSC and constructed the water supply facilities, sewage treatment facilities and the Barton Creek Country Club. During the late 1980s most of the land and facilities were subsequently acquired by the developer's lender.

Between 1988 and 1990, Stratus Properties Operating Co., a Delaware general partnership (or its predecessors-in-interest) acquired virtually all of the undeveloped property located within the Participants, the Barton Creek Resort and Country Club, the undeveloped land located within WCID 19 and BCWSC, and an additional approximately 500 acres located in the vicinity of the existing development property and within the boundaries of the City of Austin.

On December 15, 1999 Stratus Properties Operating Co. (formerly named FM Properties Operating Co.) was converted to a limited partnership now named Stratus Properties Operating Co., L.P. ("Stratus Properties"), a Delaware limited partnership, having Stratus Investments L.L.C., a Delaware limited liability company ("Stratus Investments, L.L.C.") as its 99% limited partner and STRS L.L.C., a Delaware limited liability company, as its 1% general partner. Stratus Investments L.L.C. and STRS L.L.C. are each owned 100% by Stratus Properties Inc., a Delaware corporation. The stock of Stratus Properties Inc. is traded over the NASDAQ. Stratus Properties is currently active in land development in the Austin, Texas area.

Initial development activities of Stratus Properties included expansion of the country club facilities, construction of a second 18-hole golf course and the development of single-family home lots located within WCID 19.

Between 1990 and 1995, Stratus Properties halted development within the Barton Creek Development as a result of various ordinances adopted by the City of Austin which affected land development in the City of Austin's extraterritorial jurisdiction.

In 1995, the Texas Legislature enacted legislation creating the seven (7) municipal utility districts which currently encompass the Participants. Beginning in 1995, Stratus Properties sold five (5) separate tracts totaling approximately 197 acres within the Participants to other developers and sold the Barton Creek Resort and Country Club to Barton Creek Resort & Clubs, Inc. Such sales were part of Stratus Properties' plans to reduce its outstanding debt by selling, rather than developing, some of its property. As a result of these and other sales, Stratus Properties reduced its outstanding debt. According to representatives of Stratus Properties, its current development plan for its property located within the Participants includes installation of the Master District Facilities and either selling undeveloped tracts to developers who will provide for the final development of such property or completing development and selling developed tracts. Certain tracts are available for commercial improvement.

Stratus Properties generally finances its development and other activities through a credit facility with Comerica Bank Texas. The credit facility includes a \$60,000,000 revolver. Stratus Properties currently has letters of credit totaling \$2,197,973 outstanding against the revolver, and has \$7,581,410 available under the revolver.

In conjunction with its development activities within the Barton Creek Development, Stratus Properties has obtained a permit from the U.S. Department of the Interior U.S. Fish and Wildlife Service which, according to Stratus Properties, allows it to develop approximately 4,684 acres for approximately 2,057 single family homes, 1,827 multi-family units, 400 villa residences and 4,600,000 square feet of commercial improvements pursuant to its current development plan. According to representatives of Stratus Properties, the inclusion of the Barton Creek salamander to the endangered species list along with the ineffectiveness of the Zone is not currently expected to significantly affect its development plans. See "INVESTMENT CONSIDERATIONS."

Stratus Properties is subject to the information reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, files reports, proxy statements and other information with the United States Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information is available online at www.sec.gov.

Stratus Properties and other previous developers have developed various tracts of property within the Participants as single family, detached condominium/patio homes and/or commercial multi-family lots complete with utilities and street paving. The current developer is marketing lots to various custom homebuilders with the price range of homes being constructed within the Participants ranging from \$600,000 to over \$14,000,000.

Stratus Properties currently owns 9 developed single family lots and one detached condo lots in Amarra Drive, Phases 1 and 2, located within Travis County Municipal Utility District No. 5. Stratus Properties currently owns 33 lots in Amarra Drive, Phase 3B. Stratus Properties completed the extension of Tecoma Circle north of Southwest Parkway in April 2015. This project provides road and utility service to the first phase of Barton Creek Section N, located within Travis County Municipal Utility District No. 8. In addition to Tecoma Circle, Stratus Properties completed construction of a 236 unit multi-family project (called the Santal Apartments) in Barton Creek Section N on approximately 35 acres, which includes a clubhouse and 11 apartment buildings. Stratus Properties began construction of Phase II of the Santal Apartments (an additional 212 apartment units) in May 2017, which were completed in January 2019.

Amarra Development LLC

On December 28, 2011, Amarra Development LLC ("Amarra Development") purchased 15.46 acres from Stratus Properties and developed such acreage as Amarra Drive, Phase 3A (25 single family lots) within Travis County Municipal Utility District No. 5 in 2012.

Amarra Development is a Texas limited liability corporation which is managed by Roper Investment Corporation, a Texas corporation, and Doyle Wilson. According to Amarra Development, the acquisition and development costs related to Phase 3A was funded with cash and funds from Frontage Funding LLC, a Texas limited liability company owned by Mark Roper.

Amarra Development entered into an agreement with Canyon Homes, LLC, a Texas limited liability company, for the purchase of the lots as they are sold to buyers. Canyon Homes, LLC is constructing homes in ranging in size from 3,200 to 5,000 square feet and ranging in price from \$950,000 to \$1,600,000. As of August 11, 2017 residential development within Amarra Drive, Phase 3A included 16 completed single family homes, 3 single family home under construction and 6 developed single family vacant lots.

BARTON CREEK RESORT, LLC

History

In 1995, Barton Creek Resort & Clubs, Inc., a Texas corporation and a subsidiary of Club Corp USA, Inc., a Delaware corporation, which is a subsidiary of ClubCorp, Inc., a Delaware corporation (collectively referred to as "ClubCorp"), purchased the Barton Creek Resort and Spa from Stratus Properties.

On December 26, 2006, KSL Capital Partners, LLC, a Delaware limited liability company ("KSL Capital Partners"), acting through affiliated entities, purchased the stock of ClubCorp. In conjunction with such purchase, Barton Creek Resort & Clubs, Inc. deeded the Barton Creek Resort and Spa, currently rebranded as the Omni Barton Creek Resort & Spa (the "Resort"), to Barton Creek Resort, LLC, a Delaware limited liability company ("Barton Creek Resort").

Purchase and Change of Management

In June, 2013, Omni Barton Creek Inc., a Delaware corporation (“Omni Barton Creek”) and a subsidiary of Omni Hotels Corporation, a Delaware corporation (“Omni Hotels”), purchased the stock of Barton Creek Resort. KSL BC Management Company LLC served as the manager of Barton Creek Resort and Spa from 2006 to May 2013, but with the acquisition by Omni Barton Creek, management of the Resort is now provided by Omni Hotels. Omni Hotels owns, operates or manages approximately 55 hotels and resorts throughout the United States, Canada and Mexico. Omni Hotels and its subsidiaries currently employ more than 20,000 individuals.

According to Omni Hotels, the Resort has been mortgaged to a lender to secure repayment of a loan that matures in the third quarter of 2020. The loan is secured by the assets of six hotel properties, including the Resort.

General

The Resort's main location is located at 8212 Barton Club Drive, Austin, Texas, which is within the boundaries of Travis County Municipal Utility District No. 4, and located on approximately 492 acres. The Resort is currently closed for operations and undergoing an estimated \$150 million renovation that is expected to be completed May, 2019. Upon completion of the renovation, the Resort will consist of a 51,000 square foot renovated clubhouse, several restaurants, a conference center that includes 53 meeting rooms, a grand ballroom and event pavilion, a 493 room hotel, the Fazio Foothills 18-hole golf course, the Crenshaw 18-hole golf course, sports and tennis shops, a championship caliber tennis center that includes 10 lighted tennis courts, three swimming pools, a fitness center and spa, jogging trails and a three-level parking garage. The Resort operates both as a private club open to members and their guests, and a resort hotel available to the public.

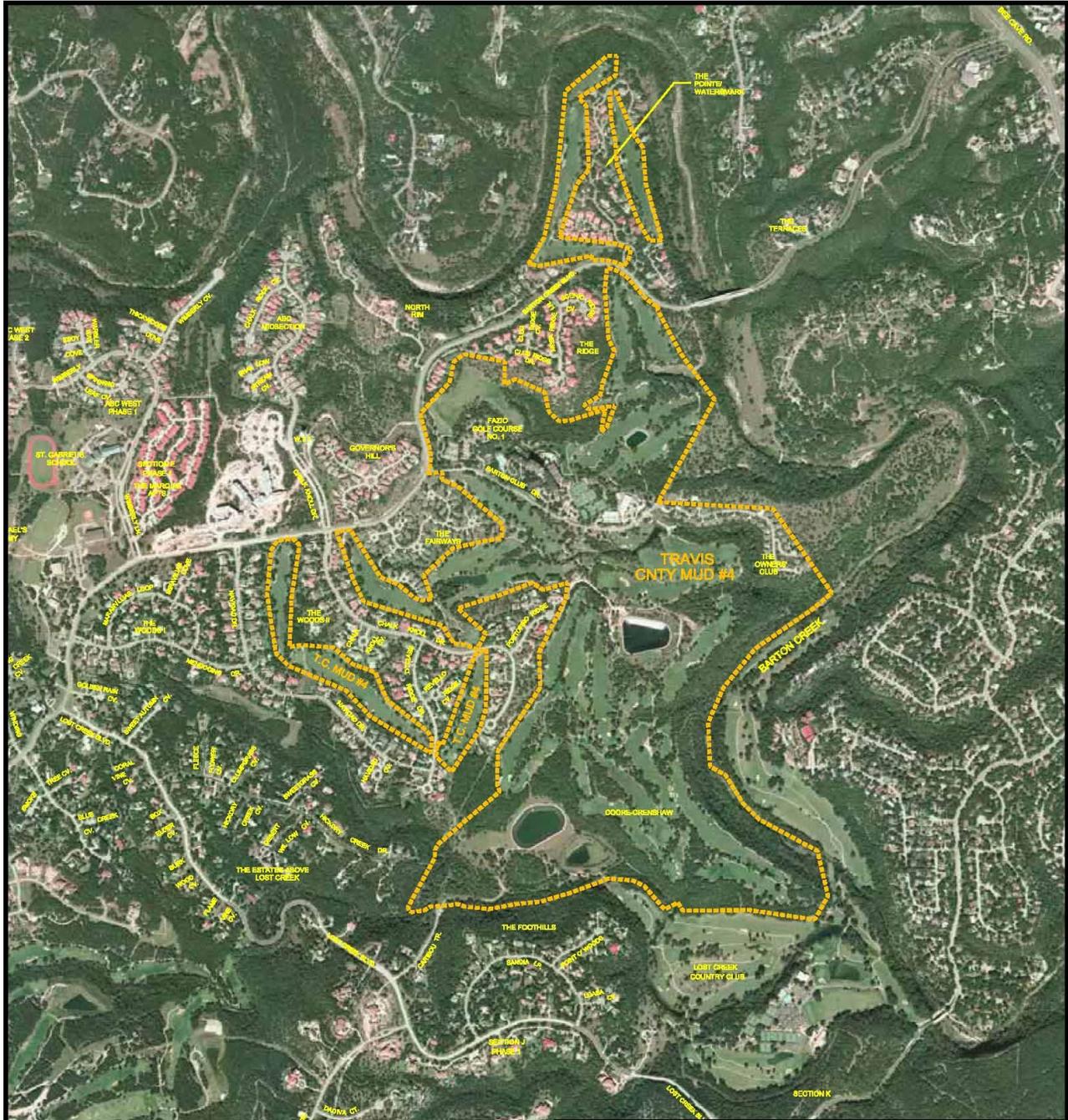
The Resort also includes two golf courses located outside the boundaries of Travis County Municipal Utility District No. 4, the Fazio Canyons golf course and the Palmer Lakeside golf course. The Fazio Canyons golf course is located within the boundaries of Travis County Municipal Utility District No. 5, and according to Barton Creek Resort representatives, is ultimately expected to include a clubhouse facility and a golf cart barn. The Lakeside Palmer golf course is located outside the boundaries of the Participant districts and has a complete clubhouse and country club facilities for members, members' guests and resort guests.

The Owners Club at Barton Creek

The Owners Club at Barton Creek, L.P., a Texas limited partnership, has developed the Owners Club at Barton Creek (the “Owners Club at Barton Creek”). The Owners Club at Barton Creek will include up to 36 separate 2,600 square foot units including three bedrooms and a one-car garage (“Club Homes”) located within the boundaries of Travis County Municipal Utility District No. 4. As of January 1, 2019, 28 of the Club Homes were complete and no Club Homes were under construction. The purchase price and annual fees entitle the owner to 27 days lodging at a Club Home. Through a contractual arrangement, the Owners Club at Barton Creek hires Barton Creek Resort to provide certain services including concierge services to the Owners Club at Barton Creek.

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BARTON CREEK DEVELOPMENT MAP



Murfee Engineering Company

**TRAVIS COUNTY M.U.D. #4
OVERALL MAP**

1101 Capital of Texas Highway South, Building D, Suite 110, Austin, Texas 78746 (512) 327-9204

FILE(LAYOUT): C:\98\06485\MUD-aerial.dwg(Layout1)

DATE: 4/10/2007

MASTER DISTRICT FACILITIES

Regulation

Construction and operation of the Master District Facilities as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the Master District, in its capacity as the Master District and in its capacity as a provider of internal utility services. Disposal of treated wastewater effluent into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory jurisdiction of Travis County.

Water Supply and Distribution

According to the Master District's Engineer, the Master District Facilities related to water supply currently consist of an intake structure, various water lines running from the intake structure to the 4.0 and 2.0 million gallon per day ("gpd") water treatment plants, 1- 300,000 and 2 - 500,000 gallon ground storage tanks, two 500,000 gallon elevated storage tanks, a 5,000 gallon hydropneumatic tank, service pump capacity of 3,900 gallons per minute ("gpm") and various related appurtenances. The Master District purchases raw water from the Lower Colorado River Authority (the "LCRA") pursuant to a contract that runs through October 2021, treats such water and distributes it throughout the Participants. The existing 4.0 million gpd water treatment plant will allow the Master District to serve up to 2,136 living unit equivalents ("LUEs"). In addition to providing water supply service to customers located within the Participants, the Master District is committed to providing wholesale water service to WCID 19 for 227 LUEs and BCWSC for 212 LUEs. See "PARTICIPANTS IN THE CURRENT SERVICE AREA" and "Wholesale Service Agreements" below.

The Master District, through Stratus Properties, completed the first phase of a second water treatment plant to provide service to the southern portions of the development area. This includes a portion of the Service Area presently supplied by the 4.0 million gpd plant thus reducing the area served by the 4.0 million gpd plant. The new second plant was made operational in January 2015. The first phase of the new water treatment plant can treat and deliver up to 2.0 million gallons of water per day. The additional 2.0 million gpd of capacity is sufficient to serve 1,068 LUEs and relieves a portion of the demands on the existing water treatment plant. This portion of the Service Area is provided water at a higher hydraulic grade and will operate independently under normal conditions from the 4.0 million gpd water treatment plant. The combined treatment capacities of the two plants (a total of 6.0 million gpd) are sufficient to serve up to 3,204 LUEs. The Master District will monitor the water needs and system demands of the development within its service area to assure that adequate treatment capacities are in place to meet the system demands. Based upon current development plans provided by the Developer, the existing municipal water supply contract with the LCRA should be sufficient to allow the Master District to meet the predicted demands at full development of the Service Area for the municipal (or potable) uses. The maximum annual quantity ("MAQ") is 3,463 acre-feet which is estimated to be sufficient to serve the ultimate projected development. The LCRA approved this new water supply contract on November 16, 2011. The Master District allocated 2,364.5 LUEs of water service (2,136 commercial/residential and 228.5 irrigation) to the Participants (including the Master District) and its two wholesale customers for the 4.0 mgd water plant. The Master District is currently serving approximately 1,850 LUEs on its water system. The difference between the allocated LUEs and the number served is reflective of the near term development plans for developing districts and the actual meter count for existing connections. The Master District is charged with the responsibility to assure that adequate supply and treatment capacity is physically available to meet the system's demands as the number of LUEs continues to increase within the Participants. See "MASTER DISTRICT FACILITIES - Allocated Capacity."

The Master District has emergency interconnects with the City of Austin, Travis County Water Control and Improvement District No. 20 and West Travis County Public Utility Agency. These interconnects are available to provide potable water to the Master District and the Participants in the event of an emergency.

Wastewater Collections and Treatment

The Master District's current wastewater treatment facilities include: wastewater treatment facilities sufficient to treat a total of 600,000 gpd between its two different facilities, various wastewater conveyance lines, and effluent ponds. Effluent from the Master District's wastewater treatment plant is discharged into the effluent ponds and ultimately irrigated onto the golf courses located within the Participants. The Master District has been granted two wastewater treatment permits issued by the TCEQ. The original permit related to the existing wastewater treatment plant allows the Master District to treat up to 500,000 gallons per day ("gpd") of wastewater and allows the Master District to dispose of 720,000 gpd of wastewater effluent irrigated on golf courses. The additional volume for disposal was included in the original permit to accommodate the effluent received from Lost Creek MUD (located adjacent to the Master District) pursuant to an agreement between the Master District and Lost Creek MUD. The Master District's existing wastewater treatment plant operating under the original 500,000 gpd permit is capable of serving approximately 2,000 equivalent single family connections.

The Master District obtained a second wastewater treatment permit from the TCEQ allowing the Master District to treat an additional 600,000 gpd (at the final permitted phase) at a plant site situated in the southern portion of the development area. The Master District, through Stratus Properties, completed construction of the first phase of the south wastewater treatment facility in April of 2016. The first phase of construction included an 101 acre-foot effluent storage pond and a 100,000 gallon per day treatment plant. The treatment plant is a leased plant and began operations in January 2017. When the final phase is completed, the south wastewater treatment plant is expected to be capable of serving an additional 2,400 equivalent single family connections, which will give the Master District a combined wastewater treatment capacity sufficient to serve 4,400.

The Master District wastewater facilities include four effluent storage ponds with a combined effluent storage capacity of 267 acre feet. The Master District is currently serving approximately 1,580 wastewater equivalent single family connections. In addition to providing wastewater treatment to customers located within the Participants, the Master District also is committed to providing wholesale wastewater service to Travis County WCID No. 19 (172 LUEs) and 77 acres of land outside the boundaries of any district (26 LUEs). See "Allocated Capacity" and "Wholesale Service Agreements" below.

Regional Water Quality Facilities

In conjunction with the water quality protection plan adopted and effective within the Participants, the Master District operates eleven (11) water quality ponds. Water quality ponds capture certain runoff from development and trap sediment and petroleum products in the ponds. Thereafter, the sediment and petroleum products are removed from the ponds. The captured storm water is pumped from the ponds to irrigate the golf courses and other open areas within the Participants.

Additional water quality ponds will be constructed in conjunction with additional development within the Service Area. All water quality facilities are owned and operated by the Master District.

Regulation

Construction and operation of the Master District Facilities as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The Commission exercises continuing, supervisory authority over the Master District, in its capacity as the Master District and in its capacity as a provider of internal utility services. Disposal of treated wastewater effluent into Texas waters, if any, is also subject to the regulatory authority of the Commission and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory jurisdiction of Travis County.

Internal Water Distribution, Wastewater Collection and Drainage Facilities

Internal water distribution, wastewater collection and storm drainage facilities have been constructed or are being constructed by the Participants to serve development within their boundaries. In particular, such internal facilities have been constructed to serve a portion of Travis County MUD No. 3, MUD No. 4, a portion of MUD No. 5, MUD No. 6, a portion of MUD No. 8 and plans are currently underway to serve additional development within their boundaries. See "PARTICIPANTS IN CURRENT SERVICE AREA" and "THE DEVELOPER."

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance.

According to the Engineer, the flood hazard boundary map currently in effect, published by the Federal Emergency Management Agency (dated September 26, 2008), which covers the land located in the Service Area, indicates that approximately 296 acres of land located in the Service Area (TCMUDs 3-9) are located within the 100-year flood plain.

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Allocated Capacity

Each Participant has reserved capacity in the Master District Facilities and has the right to reserve additional capacity. The water supply and wastewater treatment capacity reserved to each Participant, expressed in equivalent single-family connections for fiscal year 2018 are shown on the following table.

PARTICIPANTS	Allocated Capacity (Equivalent Single Family Connections)			Active (Equivalent Single Family Connections)
	Water	Sewer	Irrigation	
Travis County Municipal Utility District No. 3	1,042	1,000	-	556
Travis County Municipal Utility District No. 4 ^(a)	1,047	625	152.5	79
Travis County Municipal Utility District No. 5	433	357	76.0	171
Travis County Municipal Utility District No. 6	65	54	-	68
Travis County Municipal Utility District No. 7	9	21	-	-
Travis County Municipal Utility District No. 8	446	446	-	29
Travis County Municipal Utility District No. 9	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>
Total	3,044	2,505	228.5	905

(a) Includes Barton Creek Resort, WCID 19 (227 equivalent single family connections for water service and 172 equivalent single family connections for sewer service) and BCWSC (212 equivalent single family connections related to water service only).

Wholesale Service Agreements

WCID 19 - The Master District has agreed to provide wholesale water and wastewater service to the property located within the boundaries of WCID 19. See "PARTICIPANTS IN CURRENT SERVICE AREA - Service Area." Rates charged by the Master District to WCID 19 include only costs for operation and maintenance and necessary replacement of original facilities directly serving WCID 19. WCID 19's share of the costs for the Master District Facilities for water was paid by a lump sum payment to Stratus Properties on June 30, 1997, which financed such facilities. WCID 19's share of the Master District Facilities for wastewater is being paid through a special \$17.50 per month per connection surcharge to be paid to the Master District for thirty (30) years which in turn is paid to Stratus Properties monthly. The Master District has agreed to provide adequate water supply for 227 LUEs plus any expansion to St. Michael's Academy, a private secondary school located within WCID 19's boundaries. Under an amendment to the agreement, WCID 19 pays monthly charges calculated annually to cover its share of such costs. Effective May 1, 2018, WCID 19 pays \$11,028 per month plus \$2.16 per 1,000 gallons of water for the first 165,000,000 gallons of water, including water loss, for each calendar year and \$2.39 per 1,000 gallons of water over and above 165,000,000 gallons of water per calendar year. The Master District has agreed to provide centralized wastewater service to those subdivisions within WCID 19 that have centralized sanitary sewer facilities, which currently represent 172 LUEs.

BCWSC - The Master District provides wholesale water service to BCWSC pursuant to that certain Agreement for Deannexation, Provision of Water Service and Construction of Water Facilities. See "PARTICIPANTS IN CURRENT SERVICE AREA - Service Area." BCWSC provides retail service to approximately 212 single-family homes. The Master District is obligated to provide up to 100,000,000 gallons of potable water per year. The parties have further agreed that BCWSC's share of the capital costs is limited to the sum of \$600,000 which shall be amortized over 30 years, without interest, and shall be included in the rates paid by BCWSC to the Master District. Under an amendment to the agreement, BCWSC pays the Master District the wholesale water rate calculated annually to cover its share of such costs. Effective May 1, 2018, BCWSC pays \$13,288 per month plus \$1.85 per 1,000 gallons of water for the first 100,000,000 gallons of water per year and \$2.08 per 1,000 gallons over and above 100,000,000.

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Operations – Table 1

The following statement sets forth in condensed form the historical results of operation of the water, wastewater and water quality facilities which constitute a part of the Master District Facilities. Operation and maintenance of the Master District Facilities is the responsibility of the Master District pursuant to the Master District Contract. The summary of operations has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the audited financial statements of the Master District. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	9/30/2018 ^(a)	9/30/2017 ^(a)	9/30/2016 ^(a)	9/30/2015 ^(a)	9/30/2014 ^(a)
Revenues					
Water, wastewater and water quality fees, including penalties	\$ 4,176,511	\$ 3,933,260	\$ 3,344,288	\$ 2,924,650	\$ 2,867,363
Tap connection fees	76,680	83,800	105,800	133,710	173,500
Interest	36,252	4,117	1,356	821	1,078
Miscellaneous	38,760	22,140	21,600	19,800	21,600
Total Operating Revenues	\$ 4,328,203	\$ 4,043,317	\$ 3,473,044	\$ 3,078,981	\$ 3,063,541
Expenditures					
Water Purchases	\$ 529,329	\$ 507,236	\$ 500,056	\$ 533,820	\$ 478,516
Repairs and maintenance	485,951	460,933	656,830	407,120	504,519
Utilities and Telephone	588,913	605,407	698,465	630,765	566,451
Permit Fees	5,449	3,995	2,732	2,732	6,062
Water Quality Monitoring	-	-	-	25,000	25,000
Sludge Hauling	87,498	196,801	170,369	73,801	60,607
Chemical and Lab Fees	186,280	141,430	142,253	116,742	91,545
Lease Expenditures	207,667	207,667	103,833	-	-
Security Services	16,584	16,584	16,584	16,584	16,584
Landscape Services	179,631	149,517	145,006	151,219	116,747
Legal Fees	39,656	26,238	35,746	55,860	53,959
Engineering Fees	256,359	244,792	368,412	213,331	199,085
Operations and Management	367,152	341,113	305,098	287,141	245,683
Audit Fees	16,625	18,000	18,000	18,000	17,750
Bookkeeping Fees	78,000	78,000	78,000	78,000	78,000
Other Consulting Fees	18,580	36,649	23,275	14,388	15,312
Director Fees	8,720	8,881	8,558	9,204	8,720
Insurance	63,020	66,930	48,810	33,721	30,548
Miscellaneous	26,861	27,163	26,231	23,146	13,889
Capital Outlay	612,288	906,320	1,006,260	336,007	160,112
Total Operating Expenditures	\$ 3,774,563	\$ 4,043,656	\$ 4,354,518	\$ 3,026,581	\$ 2,689,089
NET REVENUES / (DEFICIT)	\$ 553,640	\$ (339)	\$ (881,474)	\$ 52,401	\$ 374,452
Plus / (Less) Fund Transfers	264,578	(37,393)	1,200,895	438,773	(409,188)
Beginning Fund Balance	\$ 2,299,332	\$ 2,337,064	\$ 2,017,644	\$ 1,526,470	\$ 1,561,206
Adjustments	-	-	-	-	-
Ending Fund Balance	\$ 3,117,550	\$ 2,299,332	\$ 2,337,064	\$ 2,017,644	\$ 1,526,470

(a) Audited.

Rate and Fee Schedule - Table 2

Pursuant to the Master District Contract, the Master District also provides retail water, wastewater and drainage services to the Participants. The current retail water and wastewater rates of the Master District are set forth below. The following rates became effective September 6, 2011 but are subject to change from time to time.

Water (Monthly Billing)

Basic Charge (includes 2,000 gallons):	
5/8" meter	\$ 20.00
3/4" meter	20.00
1" meter	27.50
1-1/2" meter	45.00
2" meter	67.50
3" meter	135.00
4" meter	225.00
6" meter	450.00
8" meter	675.00
Gallonge Rate per 1,000:	
0 – 2,000 gallons	Included in Base Fee
2,000 – 20,000	\$2.70
20,001 – 50,000	3.00
50,001 – 100,000	3.25
100,001 – 150,000	3.75
over 150,000	4.50

Wastewater (Monthly Billing)

Basic Charge (includes 2,000 gallons):	
5/8" meter	\$ 27.50
3/4" meter	27.50
1" meter	68.75
1-1/2" meter	137.50
2" meter	220.00
3" meter	440.00
4" meter	687.50
6" meter	1,375.00
Gallonge Rate per 1,000:	
	\$2.21

Generally bills for wastewater service are computed on the basis of (i) the average amount of water used during the Winter Season based upon the average monthly readings for the preceding December, January and February or (ii) the current monthly water bill whichever is less.

Water Quality (Monthly Billing)

Basic Charge (per L.U.E.)	\$18.00
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Tap Fees

Water

<u>Meter Size</u>	<u>Tap Fee</u>
Up to 3/4"	\$ 1,500.00
1"	2,000.00
1-1/2"	5,500.00
2"	6,000.00
2-1/2"	7,500.00
3" or larger	Higher of \$8,000.00 or cost of meter & installation

Wastewater

<u>Meter Size</u>	<u>Tap Fee</u>
5/8" or 3/4"	\$ 1,500.00
larger than 3/4"	to be determined based upon installation cost plus 10%

DEBT SERVICE REQUIREMENTS – TABLE 3

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT No. 4
\$8,000,000

Unlimited Tax Contract Tax Bonds, Series 2019

Dated Date: February 26, 2019

First Interest Payment Due: September 1, 2019

Year Ending 31-Dec	Outstanding Bonds				The Bonds				Total Debt Service Requirements	
	Principal Due (09/01)	Interest		Total	Principal (Due 9/01)	Interest		Total		Principal and Interest
		Due (03/01)	Due (09/01)			Due (03/01)	Due (09/01)			
2019	\$ 2,630,000	\$ 1,275,501	\$ 1,275,501	\$ 5,181,001	\$ 5,000	\$ -	\$ 152,497	\$ 152,497	\$ 157,497	\$ 5,338,498
2020	2,755,000	1,240,363	1,240,363	5,235,726	5,000	148,250	148,250	296,500	301,500	5,537,226
2021	2,640,000	1,203,682	1,203,682	5,047,364	5,000	148,125	148,125	296,250	301,250	5,348,614
2022	2,765,000	1,169,332	1,169,332	5,103,664	5,000	148,000	148,000	296,000	301,000	5,404,664
2023	2,805,000	1,132,307	1,132,307	5,069,614	5,000	147,875	147,875	295,750	300,750	5,370,364
2024	2,930,000	1,093,523	1,093,523	5,117,046	10,000	147,750	147,750	295,500	305,500	5,422,546
2025	3,030,000	1,052,736	1,052,736	5,135,471	10,000	147,500	147,500	295,000	305,000	5,440,471
2026	3,140,000	1,004,929	1,004,929	5,149,859	10,000	147,250	147,250	294,500	304,500	5,454,359
2027	3,265,000	955,454	955,454	5,175,909	10,000	147,000	147,000	294,000	304,000	5,479,909
2028	3,510,000	904,111	904,111	5,318,221	10,000	146,750	146,750	293,500	303,500	5,621,721
2029	3,705,000	849,411	849,411	5,403,821	25,000	146,500	146,500	293,000	318,000	5,721,821
2030	3,485,000	791,592	791,592	5,068,184	25,000	145,875	145,875	291,750	316,750	5,384,934
2031	3,815,000	736,608	736,608	5,288,215	25,000	145,375	145,375	290,750	315,750	5,603,965
2032	3,940,000	676,483	676,483	5,292,965	25,000	144,875	144,875	289,750	314,750	5,607,715
2033	4,150,000	610,083	610,083	5,370,165	25,000	144,375	144,375	288,750	313,750	5,683,915
2034	4,400,000	536,726	536,726	5,473,453	25,000	143,875	143,875	287,750	312,750	5,786,203
2035	4,560,000	456,576	456,576	5,473,153	25,000	143,422	143,422	286,844	311,844	5,784,996
2036	4,405,000	372,948	372,948	5,150,896	15,000	142,969	142,969	285,938	300,938	5,451,834
2037	4,560,000	292,676	292,676	5,145,353	5,000	142,697	142,697	285,394	290,394	5,435,746
2038	4,480,000	217,331	217,331	4,914,663	5,000	142,606	142,606	285,213	290,213	5,204,875
2039	4,775,000	139,969	139,969	5,054,938	25,000	142,516	142,516	285,031	310,031	5,364,969
2040	2,750,000	61,044	61,044	2,872,088	1,800,000	142,063	142,063	284,125	2,084,125	4,956,213
2041	1,025,000	17,938	17,938	1,060,875	1,900,000	109,438	109,438	218,875	2,118,875	3,179,750
2042	-	-	-	-	2,000,000	75,000	75,000	150,000	2,150,000	2,150,000
2043	-	-	-	-	2,000,000	37,500	37,500	75,000	2,075,000	2,075,000
	<u>\$79,520,000</u>	<u>\$ 16,791,321</u>	<u>\$ 16,791,321</u>	<u>\$ 113,102,641</u>	<u>\$ 8,000,000</u>	<u>\$ 3,277,584</u>	<u>\$ 3,430,081</u>	<u>\$ 6,707,665</u>	<u>\$ 14,707,665</u>	<u>\$ 127,810,307</u>

COMPOSITE FINANCIAL STATEMENT – TABLE 4

Assessed Valuations of the Participants:

Participants Travis County MUD No.	2018		2017		2016	
	Certified Assessed Valuation	% of Total	Certified Assessed Valuation	% of Total	Certified Assessed Valuation	% of Total
3	\$ 697,213,994	51.84%	\$ 674,705,331	51.85%	\$ 631,193,777	
4	79,723,722	5.93%	103,778,774	7.98%	128,597,638	
5	281,331,305	20.92%	253,614,609	19.49%	203,761,483	
6	167,987,487	12.49%	156,150,053	12.00%	165,059,606	
7	1,646,625	0.12%	1,638,252	0.13%	1,639,115	
8	113,138,796	8.41%	107,633,024	8.27%	88,508,297	
9	3,830,643	0.28%	3,702,584	0.28%	3,561,579	
	<u>\$ 1,344,872,572</u>	<u>100.00%</u>	<u>\$ 1,301,222,627</u>	<u>100.00%</u>	<u>\$ 1,222,321,495</u>	

<u>Contract Tax Bonds</u>	<u>Outstanding</u>
Unlimited Contract Tax Bonds (after issuance of the Bonds)	\$87,520,000
GROSS CONTRACT DEBT	<u>\$87,520,000</u> ^(a)
Ratio of Gross Contract Debt to 2018 Certified Assessed Valuation	6.51%

Master District Funds Available as of February 5, 2019 ^(b):

Debt Service Fund.....	\$ 2,272,469 ^(c)
Debt Service Reserve Fund	2,495,572 ^(d)
Special Revenue Fund.....	2,841,914
Capital Projects Fund	1,767,873

(a) See “Appendix A – Certain Financial Information Regarding the Participants” for other outstanding debt of the Participants.

(b) Unaudited.

(c) Neither the Bond Resolution nor Texas law requires that the Master District maintain any particular sum in the Debt Service Fund; however, pursuant to the Bond Resolution and the Trust Indenture, a Reserve Fund equivalent to six months’ debt service requirement on the Bonds and Outstanding Contract Bonds has been established as security for the Bonds and Outstanding Contract Bonds. Pursuant to the Bond Resolution and the Trust Indenture, a determination is made with respect to amount, if any, of additional deposits to the Reserve Fund upon the issuance of additional contract tax bonds. No assurances can be made that additional monies will be deposited upon the issuance of additional contract tax bonds.

(d) A Reserve Fund currently established in a fixed amount generally equivalent to six months debt service requirements on the Bonds and Outstanding Contract Bonds has been established as security for the owners of such bonds. Pursuant to the Trust Indenture, the Master District may adjust the amount required to be on deposit in the Reserve Fund each time it issues additional contract bonds. At the discretion of the Master District, the issuance of such additional contract bonds may result in the amount required to be on deposit in the Reserve Fund being less than six months debt service requirements on the Outstanding Contract Bonds. No assurance can be made that additional monies will be deposited to the Reserve Fund or that the amount required to be on deposit in the Reserve Fund will be maintained at any particular amount upon the issuance of additional contract bonds.

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Outstanding Contract Tax Bonds

Dated Date	Purpose	Original Series	Original Principal Amount	Principal Amount Outstanding after Issuance of the Bonds
A. New Money Bonds				
5/1/1997	Water Facilities	1997	\$ 4,350,000	\$ -
4/1/1999	Water Facilities	1999	2,590,000	-
6/1/2000	Water Facilities	2000	3,850,000	-
10/1/2001	Water Facilities	2001	4,525,000	-
8/1/2002	Water and Wastewater	2002	4,700,000	-
7/1/2003	Water and Wastewater	2003A	5,000,000	-
11/1/2005	Water and Wastewater	2005	5,575,000	-
3/1/2007	Water and Wastewater	2007	5,750,000	-
3/1/2008	Water and Wastewater	2008	7,125,000	-
3/1/2009	Water and Wastewater	2009	3,510,000	-
12/1/2009	Water and Wastewater	2009A	5,625,000	-
11/1/2010	Water and Wastewater	2010A	5,435,000	-
5/1/2015	Water and Wastewater	2015A	5,775,000	5,755,000
9/7/2016	Water and Wastewater	2016A	14,600,000	13,775,000
11/14/2017	Water and Wastewater	2017A	17,235,000	16,945,000
2/26/2019	Water and Wastewater	2019	<u>8,000,000</u>	<u>8,000,000</u> (a)
	Subtotal New Money Bonds		\$ 103,645,000	\$ 44,475,000
B. Refunding Bonds				
2/1/2003	Refunding	2003	\$ 8,360,000	\$ -
5/1/2010	Refunding	2010	9,655,000	-
12/1/2011	Refunding	2011	6,795,000	3,900,000
6/1/2012	Refunding	2012	9,285,000	6,295,000
3/1/2013	Refunding	2013	9,900,000	9,385,000
12/1/2014	Refunding	2014	6,130,000	5,405,000
3/1/2015	Refunding	2015	2,900,000	2,830,000
6/7/2016	Refunding	2016	9,555,000	9,455,000
5/24/2017	Refunding	2017	<u>5,790,000</u>	<u>5,775,000</u>
	Subtotal Refunding Bonds		\$ 68,370,000	\$ 43,045,000
	Total		<u>\$ 172,015,000</u>	<u>\$ 87,520,000</u>

(a) The Bonds.

Investment Authority and Investment Practices of the Master District

Under Texas law, the Master District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities including obligations that are fully

guaranteed or insured by the Federal Deposit Insurance Corporation ("FDIC") or by 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 or their respective successors; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the "PFIA") (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the Master District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that complies with Securities and Exchange Commission Rule 2a-7; (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and either has a duration of one year or more and is invested exclusively in obligations described in this paragraph, or has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities; and (14) local government investment pools organized in accordance with the Interlocal Cooperation Act (Chapter 791, Texas Government Code) as amended, whose assets consist exclusively of the obligations that are described above. A public funds investment pool must be continuously ranked no lower than "AAA", "AAA-m" or at an equivalent rating by at least one nationally recognized rating service. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the Master District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Master District, held in the Master District's name and deposited at the time the investment is made with the Master District or a third party designated by the Master District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The Master District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The Master 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 Master District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Master District must do so by order, ordinance, or resolution.

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

Under Texas law, the Master 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 Master District's investment officers must submit an investment report to the Board of Directors detailing: (1) the investment position of the Master District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Directors.

Under Texas law, the Master 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 Master District to disclose the relationship and file a statement with the Texas Ethics Commission and the Master District, (3) require the registered principal of firms seeking to sell securities to the Master District to: (a) receive and review the Master 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 Master 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 Master District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service and (7) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements.

Current Investments

As of February 5, 2019, the Master District is currently invested in Money Market and TexPool, as shown below. State law requires the Master District to mark any investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the Master District's audited financial statements.

Investment Value as of February 5, 2019	
Cash	\$ 222,290
Money Market	2,594,565
Texpool	6,560,972
Total Investments	\$ 9,377,828

TAX DATA

Classification of Assessed Valuation within the Service Area – Table 5

Type Property	2018 ^(a)		2017 ^(a)		2016 ^(b)	
	Amount	%	Amount	%	Amount	%
Single Family Residence	\$ 1,095,217,374	81.44%	\$ 1,022,148,521	77.26%	\$ 960,020,574	78.54%
Multifamily Residence	97,040,000	7.22%	87,131,522	6.59%	62,029,575	5.07%
Vacant Lot	28,759,519	2.14%	34,838,266	2.63%	36,294,061	2.97%
Qualified Ag Land	1,657,200	0.12%	1,657,200	0.13%	1,657,200	0.14%
Non-qualified Ag Land	4,752,807	0.35%	4,752,807	0.36%	6,032,132	0.49%
Commercial Real Property	88,043,565	6.55%	132,534,462	10.02%	135,861,352	11.12%
Telephone/Cable Company	497,976	0.04%	389,604	0.03%	400,327	0.03%
Commercial Personal Property	5,484,688	0.41%	4,329,368	0.33%	4,737,240	0.39%
Residential Inventory	46,134,512	3.43%	53,543,268	4.05%	37,769,178	3.09%
Totally Exempt Property	67,275,433	5.00%	68,558,437	5.18%	68,641,735	5.62%
Less: Adjustments	(89,990,502)	-6.69%	(86,834,721)	-6.56%	(91,133,879)	-7.46%
Total Assessed Valuation	\$ 1,344,872,572	100.00%	\$ 1,323,048,734	100.00%	\$ 1,222,309,495	100.00%

(a) Reflects classification of assessed valuation as obtained from the Master District audits prior to adjustments. Such value may differ from the original certified assessed valuation, and any supplements or adjustments thereto, as supplied by TCAD.

2018 Tax Rate Summary

Travis County MUD:	No. 3	No. 4	No. 5	No. 6	No. 7	No. 8	No. 9
Debt Service	\$ 0.1016	\$ 0.1560	\$ 0.2000	\$ 0.0775	\$ -	\$ 0.1360	\$ -
Maintenance & Operation	0.0236	0.2236	0.0400	0.0371	0.5589	0.2285	0.4775
Contract	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Total	\$ 0.4752	\$ 0.7296	\$ 0.5900	\$ 0.4646	\$ 0.9089	\$ 0.7145	\$ 0.8275

Tax Collections – Table 6

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

Tax Year	Service Area		Contract Tax Levy	Current Collections		Total Collections		Year Ending
	Assessed Valuation	Tax Rate		Amount	%	Amount	%	
1996 ^(a)	\$ 48,984,233	\$ 0.6417 ^(b)	\$ 248,553	\$ 248,553	100.00%	\$ 248,553	100.00%	9/30/1997 ^(l)
1997	54,212,436	0.8638	483,802	483,618	99.96%	483,618	99.96%	9/30/1998 ^(l)
1998	89,059,369	0.5589 ^(c)	403,702	403,465	99.94%	403,465	99.94%	9/30/1999 ^(l)
1999	160,633,587	0.5589 ^(d)	594,457	570,086	95.90%	570,296	95.94%	9/30/2000 ^(l)
2000	249,461,050	(e)	1,754,083	1,686,583	96.15%	1,686,583	96.15%	9/30/2001 ^(l)
2001	354,659,842	(f)	1,170,896	1,163,253	99.35%	1,164,675	99.47%	9/30/2002 ^(l)
2002	426,909,150	(g)	1,504,690	1,433,798	95.29%	1,439,765	95.69%	9/30/2003 ^(l)
2003	428,972,518	(h)	1,532,753	1,516,929	98.97%	1,520,970	99.23%	9/30/2004 ^(l)
2004	464,582,720	(h)	1,774,500	1,753,126	98.80%	1,760,025	99.18%	9/30/2005 ^(l)
2005	494,128,870	(i)	1,733,618	1,739,599	100.35%	1,745,951	100.71%	9/30/2006 ^(l)
2006	593,668,701	(j)	2,080,593	2,077,220	99.84%	2,085,995	100.26%	9/30/2007 ^(l)
2007	737,389,478	(k)	2,591,216	2,580,682	99.59%	2,583,779	99.71%	9/30/2008 ^(l)
2008	872,591,762	(k)	3,029,665	3,007,831	99.28%	3,019,528	99.67%	9/30/2009 ^(l)
2009	909,978,888	0.3500	3,153,548	3,127,817	99.18%	3,138,903	99.54%	9/30/2010 ^(l)
2010	835,332,300	0.3500	2,923,830	2,899,093	99.15%	2,919,076	99.84%	9/30/2011 ^(l)
2011	830,691,192	0.3500	2,908,024	2,881,539	99.09%	2,900,978	99.76%	9/30/2012 ^(l)
2012	850,794,416	0.3500	2,977,056	2,962,510	99.51%	2,986,364	100.31%	9/30/2013 ^(l)
2013	908,376,654	0.3500	3,179,818	3,175,931	99.88%	3,202,105	100.70%	9/30/2014 ^(l)
2014	989,157,769	0.3500	3,462,052	3,448,512	99.61%	3,453,645	99.76%	9/30/2015 ^(l)
2015	1,095,597,678	0.3500	3,844,455	3,810,039	99.10%	3,823,744	99.46%	9/30/2016 ^(l)
2016	1,222,321,495	0.3500	4,282,112	4,266,367	99.63%	4,288,375	100.15%	9/30/2017 ^(l)
2017	1,301,222,627	0.3500	4,554,279	4,544,854	99.79%	4,544,854	99.79%	9/30/2018 ^(m)
2018	1,352,796,464	0.3500	4,734,788	<i>In Process of Collection</i>				9/30/2019 ⁽ⁿ⁾

- (a) Initial year of Contract Tax levy.
- (b) Travis County Municipal Utility District No. 4 levied a contract tax of \$0.3817, and the remaining Participants levied a contract tax of \$0.6417.
- (c) Travis County Municipal Utility District No. 3 levied a contract tax of \$0.3789, and the remaining Participants levied a contract tax of \$0.5589.
- (d) Travis County Municipal Utility District No. 3 levied a contract tax of \$0.3024 and the remaining Participants levied a contract tax of \$0.5589.
- (e) Travis County Municipal Utility District No. 3 levied a contract tax of \$0.2186, MUD No.4 levied a contract tax of \$0.3730, MUD No. 5 and No. 7 levied a contract tax of \$0.5589, MUD No. 6 levied a contract tax of \$0.6970, MUD No. 8 levied a contract tax of \$0.5433, and MUD No. 9 levied a contract tax of \$0.5791.
- (f) Travis County Municipal Utility District No. 3 levied a contract tax of \$0.3300, MUD No.4 levied a contract tax of \$0.3300, MUD No. 5 levied a contract tax of \$0.4269, MUD No. 6 levied a contract tax of \$0.4600, MUD No. 7 levied a contract tax of \$0.4800, MUD No. 8 levied a contract tax of \$0.6128, and MUD No. 9 levied a contract tax of \$0.7800.
- (g) Travis County Municipal Utility District Nos. 3, 4, 5, 6 and 8 levied a contract tax of \$0.3500, MUD No. 7 levied a contract tax of \$0.4800 and MUD No. 9 levied a contract tax of \$0.6000.
- (h) Travis County Municipal Utility District Nos. 3, 4, 5, and 6 levied a contract tax of \$0.3500, MUD Nos. 7 and 8 levied a contract tax of \$0.4800 and MUD No. 9 levied a contract tax of \$0.6389.
- (i) Travis County Municipal Utility District Nos. 3, 4, 5, and 6 levied a contract tax of \$0.3500, MUD Nos. 7, 8 and 9 levied a contract tax of \$0.4800.
- (j) Travis County Municipal Utility District Nos. 3, 4, 5, 6, 7 and 8 levied a contract tax of \$0.3500, MUD No. 9 levied a contract tax of \$0.4800.
- (k) Travis County Municipal Utility District Nos. 3, 4, 5, 6, 7 and 8 levied a contract tax of \$0.3500, MUD No. 9 levied a contract tax of \$0.4636.
- (l) Audited
- (m) Unaudited.
- (n) Taxes are due with no penalty by January 31, 2019.

Contract Tax

The Master District has the statutory authority and the authorization of each Participant's voters to issue unlimited contract tax bonds to purchase, construct, and improve Master District Facilities necessary to provide water, wastewater and drainage facilities, including water quality facilities, to the Participants. Each Participant's pro rata share of the debt service requirements on the Bonds shall be determined by dividing each Participant's certified appraised value by the total certified appraised value within the Service Area. The Master District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Bonds from the proceeds of an annual unlimited contract tax. The debt service requirement shall include principal, interest and redemption requirements on the Bonds, paying agent/registrars fees, trustee fees, and all amounts necessary to establish and maintain funds established under a bond resolution or indenture. Pursuant to the Master District Contract each Participant is also authorized to levy a contract tax to pay for (i) operation and maintenance expenses of the Master District Facilities to the extent monthly charges are not available and (ii) expenses of the affected Participant in connection with the operation and retail billing and collecting of a Participant's internal water, wastewater and drainage facilities to the extent water, wastewater and drainage revenues from such internal facilities are insufficient. The contract tax levied by each Participant for the 2018 tax year to pay debt service on the Bonds and Outstanding Contract Bonds is \$0.35 per \$100 of total gross assessed valuation. Such contract tax may be increased to the extent necessary to pay a Participant's share of the operation and maintenance expenses of the Master District Facilities. See "INVESTMENT CONSIDERATIONS - Overlapping and Combined Tax Rates," and "APPENDIX A – Certain Financial Information Regarding the Participants."

Debt Service Tax

Each Participant, including the Master District, has the statutory authority to issue unlimited tax bonds for the purpose of providing internal water distribution, wastewater collection and storm drainage facilities to the land within its boundaries. Such bonds, if issued, will be payable from a continuing, annual ad valorem tax adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to the contract tax. See "APPENDIX A – Certain Financial Information Regarding the Participants" for information related to each Participant's historical tax data.

Maintenance Tax

The Board of Directors of each Participant has the statutory authority to levy and collect an annual ad valorem tax for maintenance purposes, including, but not limited to, funds for planning, constructing, maintaining, repairing and operating all necessary land, plants, works, facilities, improvements, appliances and equipment, if such maintenance tax is authorized by a vote of the Participant's electors. Such tax would be in addition to the contract tax and taxes levied for paying principal of and interest on any tax bonds which may be issued in the future by the Participant. At an election held on November 7, 1995, voters within each Participant authorized a maintenance tax not to exceed \$1.00/\$100 assessed valuation.

Overlapping Taxes for 2018

Overlapping Entity	Travis County MUD No.						
	3	4	5	6	7	8	9
Travis County	\$ 0.354200	\$ 0.354200	\$ 0.354200	\$ 0.354200	\$ 0.354200	\$ 0.354200	\$ 0.354200
Austin Independent School District	1.192000	1.192000	1.192000	1.192000	1.192000	1.192000	1.192000
Travis County ESD No. 3	0.097500	0.097500	0.097500	0.097500	0.097500	0.097500	0.097500
Travis County Healthcare District	0.105221	0.105221	0.105221	0.105221	0.105221	0.105221	0.105221
Austin Community College District	0.104800	0.104800	0.104800	0.104800	0.104800	0.104800	0.104800
District Tax Rate	0.475200	0.729600	0.590000	0.464600	0.908900	0.714500	0.827500
Total Tax Rate	\$ 2.328921	\$ 2.583321	\$ 2.443721	\$ 2.318321	\$ 2.762621	\$ 2.568221	\$ 2.681221

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Principal Taxpayers – Table 7

The following list of principal taxpayers and their assessed valuations within the Service Area have been obtained from Master District audits and is based on the 2018, 2017, and 2016 tax rolls of each Participant, which reflect ownership as of January 1 of each year shown. Such values may differ from the original certified assessed valuation and any supplements or adjustments thereto, as supplied by the Travis Central Appraisal District. See APPENDIX A for a list of principal taxpayers in each Participant.

Taxpayer	Type Property	2018^(a)	2017^(a)	2016^(a)
Barton Creek Resort & Clubs Inc.	Country Club and Resort	\$ 71,144,340	\$ 96,200,703	\$ 120,397,961
Stratus Properties Operating	Acreage & Lots	51,719,519	59,070,046	49,021,671
Barton Creek Villas LLC	Apartment Complex	50,480,000	49,281,800	43,594,200
Santal I LLC	Apartment Complex	46,560,000	37,849,722	18,435,375
Owners Club at Barton Creek LP	Interval Ownership Homes	8,807,240	8,974,069	9,126,533
Individual Homeowner	Land & Improvements	8,362,363	10,073,962	10,076,962
Barton Creek Village LLC	Strip Center	7,733,862	7,275,196	7,706,863
Villas at Amarra Drive LLC	Condominiums	7,025,035	7,552,837	(b)
Omni Barton Creek Inc.	Golf Course	1,641,359	1,611,968	2,004,099
TCF National Bank	Land & Improvements	1,557,621	(b)	(b)
Structured Asset Mrtg Inv II Inc	Land & Improvements	(b)	6,762,377	(b)
Heyl Homes Inc.	Land & Improvements	(b)	(b)	6,188,765
Hagley Property Holdings	Land & Improvements	(b)	(b)	5,400,000
Barton Creek Senior Living ^(c)	Retirement Center	(b)	(b)	(b)
		<u>\$ 255,031,339</u>	<u>\$ 284,652,680</u>	<u>\$ 271,952,429</u>
Percent of Assessed Valuation		18.96%	21.88%	22.25%

- (a) Reflects classification of assessed valuation as obtained from the Master District audits prior to adjustments. Such value may differ from the original certified assessed valuation, and any supplements or adjustments thereto, as supplied by TCAD.
- (b) Not a principal taxpayer in respective year.
- (c) Not listed as a principal taxpayer by TCAD on the 2018, 2017, 2016 and 2015 tax rolls. According to Senior Quality Living Corporation ("SQLC"), the owner of Barton Creek Senior Living Community, Inc. ("BCSLC"), doing business as Querencia, a continuing care retirement community, applied for and received a charitable organization tax-exemption, although there is a restrictive covenant that runs with the land that waives BCSLC's right to claim any tax exemption on such land with respect to Travis County MUD No. 3 until September 2035. The Master District and Travis County MUD No. 3 (where Querencia is located) are in the process of enforcing such restrictive covenant so that SQLC will be assessed by TCAD on the full value of Querencia or will pay a fee in lieu of taxes. The 2018 assessed value of Querencia is equal to 9.12% of the total assessed valuation of Travis Co MUD No. 3 and the total 2018 taxes equal \$302,037. SQLC has paid fees to Travis Co MUD No. 3 in amounts equal to the 2015, 2016, and 2017 taxes. Effective June 18, 2018, through 2036, BCSLC, Travis County MUD No. 3 and the Master District have entered into a Payment in Lieu of Taxes Agreement ("PILOT") under which BCSLC has agreed to make annual payments in lieu of taxes based on an appraised value set by TCAD, multiplied by the combined property tax rate of Travis County MUD No. 3.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in aggregate assessed valuation from the aggregate 2018 Certified Assessed Valuation of the Service Area, and utilize tax rates adequate to service the Master District's total debt service requirements, on its contract tax bonds, including the Bonds. No available debt service funds are reflected in these computations. See "INVESTMENT CONSIDERATIONS - Impact on Contract Tax Rates."

Average Requirement on the Outstanding Contract Bonds and the Bonds (2019 through 2040)	\$5,472,980
\$0.43 Tax Rate on the aggregate 2018 Certified Assessed Valuation of \$1,344,872,572 @ 95% collections produces	\$5,493,804
Maximum Requirement on the Outstanding Contract Bonds and the Bonds (2034).....	\$5,786,203
\$0.46 Tax Rate on the aggregate 2018 Certified Assessed Valuation of \$1,344,872,572 @ 95% collections produces	\$5,877,093

TAXING PROCEDURES

Authority to Levy Taxes

The board of directors of each Participant is authorized to levy an annual ad valorem tax on all taxable property within its boundaries in an amount sufficient to pay the principal of and interest on the Bonds and Outstanding Contract Bonds, their pro rata share of debt service on any contract tax bonds and any additional bonds or obligations payable from taxes which the Master District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt") and to pay the expenses of assessing and collecting such taxes. Each Participant agrees in the Master District Contract to levy such a tax from year-to-year as described more fully herein under "THE BONDS - Source of and Security for Payment." Under Texas law, the board of directors of each Participant is also authorized to levy and collect an ad valorem tax for the operation and maintenance of its district and its water and wastewater system and for the payment of certain contractual obligations, if authorized by its voters. See "TAX DATA – Contract Tax."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in a Participant are subject to taxation by the respective Participant. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, a Participant may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. A Participant may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. A Participant is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the Participant's obligation to pay tax supported debt incurred prior to adoption of the exemption by the Participant. Furthermore, a Participant must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$3,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential 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 of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action 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 spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also 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. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but it must be adopted by July 1. The Participants have never adopted a general homestead exemption.

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

Freeport Goods and Goods-in-Transit Exemption: Article VIII, Section 1-j of the Texas Constitution provides for an exemption from ad valorem taxation for "freeport property," which is defined as goods detained in the state for 175 days or less for the purpose of assembly,

storage, manufacturing, processing or fabrication. Taxing units that took action prior to April 1, 1990 may continue to tax freeport property and decisions to continue to tax freeport property may be reversed in the future. However, decisions to exempt freeport property are not subject to reversal. 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 a freeport exemption or a goods-in-transit exemption for items of personal property. Freeport goods and goods-in-transit are exempt from taxation by the Master District.

Valuation of Property for Taxation

Generally, property in the Service Area must be appraised by the TCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by each Participant in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the Participant can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the TCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the TCAD at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the TCAD or whether reappraisals will be conducted on a zone or county-wide basis. The Participant, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the Participant or an estimate of any new property or improvements within the Participant. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the Participant, it cannot be used for establishing a tax rate within the Participant until such time as the TCAD chooses formally to include such values on its appraisal roll.

Participant and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The Participants are responsible for the levy and collection of its taxes unless it elects to transfer the collection functions to another governmental entity. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the board of directors of each Participant based upon the valuation of property within the Participant as of the preceding January 1. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to fifteen percent (15%) if imposed by the Participant. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

The Participant'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.

Tax Payment Installments

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the Participants if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Rollback of Operation and Maintenance Tax Rate

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

Rights In the Event Of Tax Delinquencies

Taxes levied by the Participants are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the Participants, having power to tax the property. The Participant's tax lien is on a parity with tax liens of such other taxing units. See "TAX DATA - Overlapping Taxes for 2018". A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the Participants is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the Participants may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the Participants must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two years after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS - General - Tax Collections Limitations and Foreclosure Remedies."

Effect of FIRREA on Tax Collections

The "Financial Institutions Reform, Recovery and Enforcement Act of 1989" (“FIRREA”) contains provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation (“FDIC”) when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

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

To the extent that the FIRREA provisions are valid and applicable to any property in the Participants, and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property owned by the FDIC in the Participants, and may prevent the collection of penalties and interest on such taxes.

MANAGEMENT

Board of Directors

The board of directors of Travis County Municipal Utility District No. 4 also serves in the role as the board of directors of the Master District. The board of directors, consisting of five directors, has control over and management supervision of all affairs of the Master District. Directors' terms are four years with elections held within the Master District on the first Tuesday after the first Monday in November in each even numbered year. All of the Directors own property in the Master District.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>	<u>Length of Service</u>
Doug Connolly	President	11/08/20	20 ½ Years
Bill Schneider	Vice President	11/16/22	20 Years
H. Edward Padgett, Jr.	Treasurer	11/16/22	21 Years
Wayne Basden	Secretary	11/08/20	12 ½ Years
Daniel Dukes	Assistant Secretary/Treasurer	11/08/20	5 ½ Years

MASTER DISTRICT CONSULTANTS

Tax Assessor/Collector

Land and improvements in the Master District are being appraised for taxation by the Travis Central Appraisal District. The Tax Assessor/Collector is appointed annually by the Board of Directors of the Master District. Bruce Elfant currently serves the Master District in this capacity under contract.

Operator

The Master District contracts with Crossroads Utility Services, Inc. ("Crossroads") to serve as operator of the Master District Facilities and operator of each Participant's internal facilities. Crossroads serves in a similar capacity for 33 other special districts in the Austin metropolitan area.

Bookkeeper

Bott & Douthitt, P.L.L.C. ("B&D"), Certified Public Accountants, is charged with the responsibility of providing bookkeeping services for the Master District. B&D serves in a similar capacity for 53 other special districts.

Engineer

The Master District's consulting engineer is Murfee Engineering Company (the "Engineer"). Such firm serves as consulting engineer to 20 other special districts.

Financial Advisor

Public Finance Group LLC serves as the Master District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. Public Finance Group LLC also serves as financial advisor to each of the Participants.

Bond Counsel and Disclosure Counsel

The Master District has engaged McCall Parkhurst & Horton L.L.P., Austin, Texas as Bond Counsel and Disclosure Counsel. The fees of Bond Counsel and Disclosure Counsel are contingent upon the sale and delivery of the Bonds. McCall Parkhurst & Horton L.L.P. also serves as bond counsel to each of the Participants.

General Counsel

The Master District employs Armbrust & Brown PLLC ("A&B") as general counsel. A&B also acts as general counsel to each of the Participants and serves as counsel to Stratus Properties. The fees of A&B related to the Bonds are contingent upon the sale and delivery of the Bonds.

ANNEXATION

The Master District and each of the other Participants lie wholly within the extraterritorial jurisdiction of the City of Austin. Under Texas law generally, a district may be annexed by the city in whose extraterritorial jurisdiction the district is located. However, the act which created the Master District and the other Participants (the "Enabling Legislation") provides that a municipality may annex a Participant only after the installation of ninety percent (90%) of all works, improvements, facilities, plants, equipment and appliances necessary and adequate to (1) provide service to the proposed development within the Participant's boundaries, (2) accomplish the purposes for which the Participant was created, and (3) exercise the powers provided by the general law of the State and the Act; or the expiration of twenty (20) years from the date the district was confirmed, whichever occurs first. The twenty-year anniversary of the confirmation of the Participants occurred on November 7, 2015. However, the Texas Legislature enacted new legislation, effective December 1, 2017 ("Senate Bill 6"), that revised Texas law regarding annexation and specifically revised the Enabling Legislation for each of the Participants regarding annexation. The amendment to the Enabling Legislation by Senate Bill 6 provides that the City of Austin may only annex one or more of the Participants if such proposed annexation has been approved by a majority of those voting in an election held for that purpose within all of the Participants and Water Control and Improvement District No. 19. The election must be held in all such districts even if the annexation is proposed for all of the districts. Further, under Texas law, the City of Austin cannot annex territory within a district unless it annexes the entire district.

Under Texas law, the City of Austin cannot annex territory within a district unless it annexes the entire district, and, under Senate Bill 6, effective December 1, 2017, only if (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. At such time as it is permissible pursuant to law for a Participant to be annexed, and the City of Austin does annex, the City of Austin will assume the Participant's assets and obligations (including the Participant's pro rata share of the debt service on the Bonds) and dissolve the Participant. Annexation of territory by the City of Austin is a policy-making matter within the discretion of the Mayor and City Council of the City of Austin and subject to the voting requirements of Senate Bill 6. Therefore, the Master District makes no representation that the City of Austin will ever annex the Master District or any Participant and assume its debt.

LEGAL MATTERS

Legal Opinions

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

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel will rely upon (a) the Master District's federal tax certificate, and (b) covenants of the Master District relating to arbitrage and the application of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the Master District to comply with these representations or covenants could cause the interest on the Bonds to become included in gross income retroactively to the date of issuance.

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

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by 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 Master District with respect to the Bonds or the property financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgement based upon its review of Existing Law and

the representations of the Master District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Master District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

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

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

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

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

original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

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

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 in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligation, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

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

CONTINUING DISCLOSURE OF MASTER DISTRICT INFORMATION

In the Bond Resolution, the Master District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The Master 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 Master 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 ("MSRB"). Information will be available free of charge by the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

Annual Reports

The Master District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the Master District of the general type included in this Official Statement under Tables 1 through 7 and in Appendices A and B, if such audited financial statements in Appendix B are then available. The Master District will update and provide this information within six months after the end of each fiscal year. The Master District will provide the updated information to the MSRB.

The Master District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if it is completed by the required time. If audited financial statements are not available within twelve months after such fiscal year end, the Master District will file unaudited financial statements within such twelve month period and file audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A or such other accounting principles as the Master District may be required to employ from time to time pursuant to state law or regulation.

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

Notice of Certain Events

The Master 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 Master District will also provide notice to the MSRB of any of the following events with respect to the Bonds without regard to whether such event is considered material within the meaning of the federal securities laws: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (6) tender offers; (7) defeasances; (8) rating changes; and (9) bankruptcy, insolvency, receivership or similar event of the Master District (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Master 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 Master 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 Master District).

The Master 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 Master District will also provide timely notice of any failure by the Master District to provide annual financial information in accordance with their agreement described above under "– Annual Reports."

Availability of Information from MSRB

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

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

Limitations and Amendments

The Master District has agreed to update information and to provide notices of certain events only as described above. The Master 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 Master 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 Master District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although registered owners may seek a writ of mandamus to compel the Master District to comply with its agreement.

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

Compliance with Prior Undertakings

For the last five years, the Master District has complied in all material respects with its continuing disclosure undertakings in accordance with SEC Rule 15c2-12.

Assured Guaranty Municipal Corp. insures certain bonds issued by the Master District. On March 18, 2014, S&P upgraded the rating of Assured Guaranty Corp., Assured Guaranty Municipal Corp., and Municipal Assurance Corp., from “AA-” to “AA.” On June 24, 2014, the Master District filed a notice of such rating change with the MSRB through the EMMA system, which was more than ten (10) business days after the date of the rating change.

CONTINUING DISCLOSURE OF PARTICIPANT INFORMATION

Each Participant has executed a Continuing Disclosure Agreement with the Master District for the benefit of the holders and beneficial owners of the Bonds. Each Continuing Disclosure Agreement requires the respective Participant to annually provide certain information under such agreement for so long as it remains an obligated person with respect to the Bonds, within the meaning of the Rule 15c2-12. Under the Continuing Disclosure Agreement, each Participant will be obligated to provide certain financial information and operating data with respect to its financial and operating condition. This information will be available via the EMMA system at www.emma.msrb.org.

Annual Reports

Each Participant will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to each Participant to-wit: (i) annual audited financial statements of each Participant, if such audited financial statements are then available, and (ii) the information contained in Appendix A hereto that relates to each respective Participant. Each Participant will update and provide this information within six months after the end of each fiscal year to the MSRB.

Each Participant may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements, if it is completed by the required time. If audited financial statements are not available within twelve months after any such fiscal year end, each Participant will file unaudited financial statements within such twelve month period and file audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with such accounting principles as each Participant may be required to employ from time to time pursuant to state law or regulation.

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

Notice of Certain Events

Each Participant will provide timely notice of any failure by it to provide information, data or financial statements in accordance with its agreement. Each Participant will also provide such notice to the MSRB.

Availability of Information

Information agreed to be provided by any Participant upon request may be obtained by contacting the Participant c/o Armbrust & Brown PLLC, 100 Congress, Suite 1300, Austin, Texas 78701, Attention: Gregg Krumme (telephone no. (512) 435-2300; facsimile no. (512) 435-2360). Information provided to the MSRB will be available via the EMMA system at www.emma.msrb.org. The address of the MSRB is 1900 Duke Street, Suite 600, Alexandria, VA 22314, and its telephone number is (703) 797-6600.

Limitations and Amendments

The Participants have agreed to provide updated information and notices of certain events only as described above. The Participants have not agreed to provide other information that may be relevant or material to a complete presentation of the financial results of operations, condition, or prospects of the Participants or agreed to update any information that is provided, except as described above. The Participants make 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 Participants disclaim 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 of Bonds may seek a writ of mandamus to compel the Participants to comply with its agreement.

The Participants and the Master District may amend their continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Participants, if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule and either the holders of a majority in aggregate principal amount of the Outstanding Contract Bonds consent or any person unaffiliated with the Master District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interest of the beneficial owners of the Bonds. The Participants and the Master District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid, or in the Participants' discretion under any other circumstance, but in either case only if and to the extent that reserving the right to do so does not make

unlawful the Initial Purchaser's purchase and sale of the Bonds in the offering described herein. If the Participants and the Master District amend their agreements, it must include with the next financial information and operating data 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 information and data provided.

Compliance with Prior Agreements

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

FINANCIAL ADVISOR

The Official Statement was compiled and edited under the supervision of Public Finance Group LLC (the "Financial Advisor"), which firm was employed in 2014 as Financial Advisor to the Master District. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds.

OFFICIAL STATEMENT

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

Preparation

The information in this Official Statement was compiled and edited by the Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from the following sources:

"THE BARTON CREEK DEVELOPMENT" and "THE MASTER DISTRICT" and "PARTICIPANTS IN CURRENT SERVICE AREA" - Stratus Properties Operating Co. ("Stratus Properties"), Murfee Engineering Company ("Engineer"), Austin Independent School District, and various area commercial and retail establishments; "THE DEVELOPER" - Stratus Properties; "BARTON CREEK RESORT, LLC" - Barton Creek Resort, LLC; and "MASTER DISTRICT FACILITIES" - Engineer; "MASTER DISTRICT FACILITIES - Wholesale Service Agreements" - Armbrust & Brown PLLC; "COMPOSITE FINANCIAL STATEMENT" - Travis Central Appraisal District; "TAX DATA" "MASTER DISTRICT FACILITIES - Operations" - Audits and Records of the Master District; "MANAGEMENT" - Master District Directors; "DEBT SERVICE REQUIREMENTS" - Financial Advisor; "THE BONDS," "SUMMARY OF CERTAIN DOCUMENTS," "TAXING PROCEDURES," "LEGAL MATTERS" (except the last two sentences of the second paragraph thereof), "TAX MATTERS," "CONTINUING DISCLOSURE OF MASTER DISTRICT INFORMATION" and "CONTINUING DISCLOSURE OF PARTICIPANT INFORMATION" - McCall, Parkhurst & Horton L.L.P.

Consultants

In approving this Official Statement, the Master District has relied upon the following consultants in addition to the Financial Advisor.

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

Auditor: The Master District's financial statements for the fiscal year ended September 30, 2018 were prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See "Appendix B" for a copy of the Master District's September 30, 2018 audited financial statements.

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

Tax Assessor/Collector: The information contained in this Official Statement relating to tax collection rates, and principal taxpayers has been provided by Mr. Bruce Elfant in reliance upon his authority in the field of tax assessing and collecting.

Certification as to Official Statement

The Master District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the Master District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the

statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the Master District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the Master District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in "CONTINUING DISCLOSURE OF INFORMATION" herein, the Master District has no obligation to disclose any changes in the affairs of the Master District and other matters described in this Official Statement subsequent to the "end of the underwriting period" which shall end when the Master District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the "end of the underwriting period" is the responsibility of the Initial Purchaser.

Annual Audits

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

This Official Statement was approved by the Board of Directors of Travis County Municipal Utility District No. 4 in their role as the Master District, as of the date shown on the first page hereof.

/s/ Doug Connolly
President, Board of Directors
Travis County Municipal Utility District No. 4

/s/ Wayne Basden
Secretary, Board of Directors
Travis County Municipal Utility District No. 4

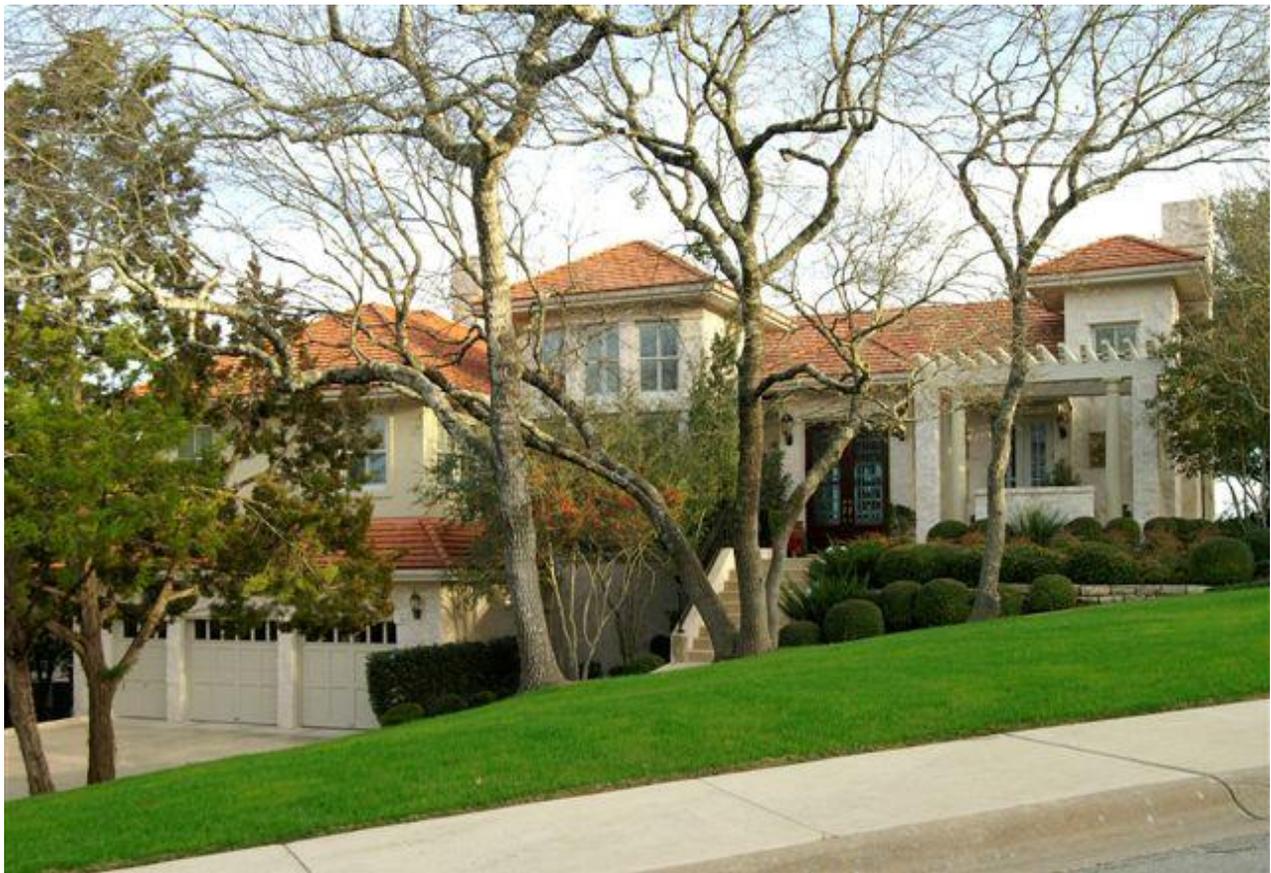
PHOTOGRAPHS

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









APPENDIX A

Certain Financial Information Regarding the Participants

Selected information concerning the Participants is included in this Appendix in addition to certain general information concerning the Participants and their obligation under the Master District Contract. See "PARTICIPANTS IN CURRENT SERVICE AREA" and "SUMMARY OF CERTAIN DOCUMENTS - Master District Contract" therein. Each Participant is severally liable for its Pledged Contract Payments in an amount equal to its pro rata share of debt service requirements on the Bonds and Outstanding Contract Bonds. No Participant is liable for more than its share of such debt service. Consequently, the ability of the Master District to make timely payment of principal of and interest on the Bonds and Outstanding Contract Bonds would be impaired if any Participant became unable to make its Pledged Contract Payments in full when due, unless the year-end balance of the bond fund of the Master District exceeded the amount of such Participant's deficiency.

Certain Calculations

The information concerning the debt structure of the Participants makes reference to the principal amount of each Participant's pro rata share of debt service on the Bonds and Outstanding Contract Bonds, each Participant's outstanding unlimited tax bonds, if any, and certain annual tax rate calculations. In each case, this information has been computed as follows:

Contract Debt - The principal amount of each Participant's Master District Contract debt has been calculated for purposes of analysis by allocating the principal amount of the Bonds among the Participants in proportion to their assessed valuation. The assessed valuations are based on the 2018 Assessed Valuation of each Participant of the Service Area of \$1,344,872,572. A Participant's share of annual debt service requirements on the Bonds and outstanding Contract Bonds will be determined annually by reference to their relative certified assessed valuations as of January 1 established by the Travis Central Appraisal District.

Tax Rate Calculations - Tax rate calculations assume that each Participant's assessed valuation does not increase from its 2018 Assessed Valuation, that each Participant collects ninety-five percent (95%) of the taxes it levies, that it issues no additional bonds, and that the Master District does not issue any additional unlimited contract tax bonds. Average annual debt service requirements for each Participant are calculated from 2019 through the final year of maturity for the unlimited tax bonds issued by the Participant. Master District Contract debt payments are calculated by averaging the payments to be made annually from 2019 through 2040 and assuming that each Participant's percentage share of the debt service on the Bonds and Outstanding Contract Bonds does not change.

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TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 3

The chart below reflects the status of development (as of January 1, 2019):

Section	Net Acreage	Platted Lots			Completed Units			Under Construction		Vacant Lots	
		Other	Single Family	Detached Condo	Single Family	Detached Condo	Multi-Family	Single Family	Detached Condo	Single Family	Detached Condo
A. Developed with Utility Facilities											
The Woods II	79.91	-	73	-	65 ^(a)	-	-	1	-	3	-
The Fairways	24.42	-	-	49 ^(b)	-	49	-	-	-	-	-
North Rim	60.61	-	18	-	17	-	-	-	-	1	-
Barton Creek Villas	24.53	216 ^(c)	-	-	-	-	216	-	-	-	-
ABC Mid./ Woods III	66.06	-	71	-	71	-	-	-	-	-	-
The Pointe	73.42	-	-	65 ^(d)	-	64	-	-	1	-	-
Governor's Hill	31.39	- ^(e)	-	44	-	44	-	-	-	-	-
Gateway South	6.38	-	1	-	1	-	-	-	-	-	-
SWACS/St. Gabriel's School	31.35	1 ^(f)	-	-	-	-	-	-	-	-	-
Section H-3	19.05	-	3	-	-	-	-	-	-	3	-
ABC West Ph. 1	149.16	- ^(g)	75	-	74	-	-	-	-	1	-
ABC West Ph. 2	120.24	-	47 ^(h)	-	47	-	-	-	-	-	-
Barton Creek Retail	8.00	3	-	-	-	-	-	-	-	-	-
Verano Drive	103.29	-	71	-	66 ⁽ⁱ⁾	-	-	1	-	1	-
Querencia	27.84	168 ^(j)	-	-	-	-	-	-	-	-	-
	825.65	388	359	158	341	157	216	2	1	9	-
B. Remaining Undeveloped but Developable Acreage											
	-										
C. Undevelopable Acreage											
	28.37										
Total Acreage	854.02										

- (a) Includes 4 homes built on two lots each.
- (b) Platted as one lot, but developed as detached condominium units/patio homes with 49 units.
- (c) Barton Creek Villas, platted as one lot, is a multi-family development apartment complex with 216 total units with a living unit equivalency of 175.
- (d) Platted as one lot, but developed as 65 detached condominium units/patio homes and one gatehouse.
- (e) Platted as two lots, one of which is a single family residence and the other of which is currently being developed as 44 detached condominium units/patio homes.
- (f) Developed by Southwest Austin Catholic School, a Texas nonprofit corporation, as a private school for grades K through 8. The school opened in September, 1999.
- (g) Includes 75 single family lots and 5 commercial/multifamily lots. The 5 commercial/multifamily lots have been developed with utility facilities.
- (h) Includes 41 single family lots and 6 estate lots.
- (i) Includes one completed home on three lots and two completed home on two lots.
- (j) Senior living facility.

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Selected Financial Information

2018 Certified Assessed Valuation.....\$697,213,994^(a)
 2017 Certified Assessed Valuation.....\$674,705,331^(a)

Outstanding Debt	Gross Debt	Average Annual Debt	Maximum Annual Debt
Direct Obligations of MUD No. 3 ^(b)	\$ 4,370,000	\$ 694,252	\$ 877,850
Contract Unlimited Tax ^(c)	45,372,454	2,837,323	2,999,705
	\$ 49,742,454	\$ 3,531,575	\$ 3,877,556

- (a) As provided by the Travis Central Appraisal District ("TCAD").
- (b) Debt issued by Travis Co. MUD No. 3 to acquire or construct internal facilities. See "Bonds Authorized but Unissued" below.
- (c) Travis Co. MUD No. 3's pro rata share of the Bonds and Outstanding Contract Bonds based upon the Service Area Assessed Valuation of \$1,344,872,572 for 2018.

Ratio of Gross Debt to 2018 Certified Assessed Valuation 7.13%

Fund Balances as of December 31, 2018

General Operating Fund	\$ 1,398,200
Special Revenue Fund	1,461,633
Debt Service Fund	752,431

Tax Information

	<u>District</u>	<u>Contract</u>	<u>Total</u>
Tax Rate required to pay Average Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.1048	\$ 0.4284	\$ 0.5332 /\$100 AV
Tax Rate required to pay Maximum Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.1325	\$ 0.4529	\$ 0.5854 /\$100 AV

Tax Rate Distribution

Tax Rate Distribution	2018	2017	2016	2015	2014	2013
Debt Service	\$ 0.1016	\$ 0.1088	\$ 0.1170	\$ 0.1212	\$ 0.1216	\$ 0.1333
Maintenance	0.0236	0.0227	0.0145	0.0113	0.0125	0.0167
Contract	<u>0.3500</u>	<u>0.3500</u>	<u>0.3500</u>	<u>0.3500</u>	<u>0.3500</u>	<u>0.3500</u>
Total	\$ 0.4752	\$ 0.4815	\$ 0.4815	\$ 0.4825	\$ 0.4841	\$ 0.5000

Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Current Collections		Total Collections		Tax Year Ending
				Amount	Percent	Amount	Percent	
1998	\$ 52,249,950	\$ 0.9000	\$ 470,250	\$ 469,092	99.75%	\$ 469,092	99.75%	9/30/1999 ^(a)
1999	118,664,113	0.7409	879,182	879,181	100.00%	880,166	100.11%	9/30/2000 ^(a)
2000	176,448,284	0.6321	1,115,330	1,107,322	99.28%	1,107,322	99.28%	9/30/2001 ^(a)
2001	250,598,731	0.6241	1,563,987	1,546,261	98.87%	1,548,951	99.04%	9/30/2002 ^(a)
2002	28,598,916	0.6100	1,748,253	1,733,864	99.18%	1,749,231	100.06%	9/30/2003 ^(a)
2003	281,990,164	0.5950	1,677,841	1,659,140	98.89%	1,670,489	99.56%	9/30/2004 ^(a)
2004	292,492,429	0.5792	1,698,837	1,673,876	98.53%	1,678,604	98.81%	9/30/2005 ^(a)
2005	310,978,712	0.5692	1,795,715	1,792,823	99.84%	1,793,345	99.87%	9/30/2006 ^(a)
2006	371,053,170	0.5425	2,011,045	2,010,680	99.98%	2,015,289	100.21%	9/30/2007 ^(a)
2007	442,985,890	0.4950	2,317,703	2,309,251	99.64%	2,309,495	99.65%	9/30/2008 ^(a)
2008	506,662,831	0.4950	2,467,204	2,454,423	99.48%	2,464,906	99.91%	9/30/2009 ^(a)
2009	521,113,048	0.4950	2,578,689	2,566,096	99.51%	2,568,503	99.60%	9/30/2010 ^(a)
2010	482,258,086	0.5000	2,410,645	2,387,507	99.04%	2,393,332	99.28%	9/30/2011 ^(a)
2011	484,392,692	0.5200	2,516,613	2,488,258	98.87%	2,503,828	99.49%	9/30/2012 ^(a)
2012	507,558,298	0.5200	2,635,953	2,616,272	99.25%	2,640,599	100.18%	9/30/2013 ^(a)
2013	537,525,303	0.5000	2,688,375	2,685,258	99.88%	2,723,625	101.31%	9/30/2014 ^(a)
2014	569,865,024	0.4841	2,759,670	2,751,205	99.69%	2,753,788	99.79%	9/30/2015 ^(a)
2015	585,157,556	0.4825	2,823,653	2,804,719	99.33%	2,810,843	99.55%	9/30/2016 ^(a)
2016	631,181,777	0.4815	3,039,658	3,026,107	99.55%	3,027,937	99.61%	9/30/2017 ^(a)
2017	674,705,331	0.4815	3,248,706	3,242,148	99.80%	3,242,148	99.80%	9/30/2018 ^(b)
2018	704,642,943	0.4752	3,348,463			<i>In Process of Collection</i>		9/30/2019 ^(c)

- (a) Audited
(b) Unaudited.
(c) Taxes are due with no late penalty by January 31, 2019.

Principal Taxpayers

Principal Taxpayers	Type Property	2018	2017	2016
Barton Creek Villas LLC	Apartments	\$ 50,480,000	\$ 49,281,800	\$ 43,594,200
Barton Creek Village LLC	Strip Center	7,733,862	7,275,196	7,706,863
Individual Homeowners	Land & Improvements	35,017,613	35,464,878	33,507,157
Barton Creek Senior Living ^(a)	Land & Improvements	(a)	(a)	(a)
		\$ 93,231,475	\$ 92,021,874	\$ 84,808,220
Percent of Assessed Valuation		13.37%	13.64%	13.44%

- (a) Not listed as a principal taxpayer by TCAD on the 2018, 2017, 2016 and 2015 tax rolls. According to Senior Quality Living Corporation ("SQLC"), the owner of Barton Creek Senior Living Community, Inc. ("BCSLC"), doing business as Querencia, a continuing care retirement community, applied for and received a charitable organization tax-exemption, although there is a restrictive covenant that runs with the land that waives BCSLC's right to claim any tax exemption on such land with respect to Travis County MUD No. 3 until September 2035. The Master District and Travis County MUD No. 3 (where Querencia is located) are in the process of enforcing such restrictive covenant so that SQLC will be assessed by TCAD on the full value of Querencia or will pay a fee in lieu of taxes. The 2018 assessed value of Querencia is equal to 9.12% of the total assessed valuation of Travis Co MUD No. 3 and the total 2018 taxes equal \$302,0376. SQLC has paid fees to Travis Co MUD No. 3 in amounts equal to the 2015, 2016, and 2017 taxes. Effective June 18, 2018, through 2036, BCSLC, Travis County MUD No. 3 and the Master District have entered into a Payment in Lieu of Taxes Agreement ("PILOT") under which BCSLC has agreed to make annual payments in lieu of taxes based on an appraised value set by TCAD, multiplied by the combined property tax rate of Travis County MUD No. 3.

Bonds Authorized But Unissued

Date of Authorization	Purpose	Issued		
		Authorized	to Date	Unissued
11/7/1995	Water, Wastewater & Drainage	\$ 27,000,000	\$ 11,110,000	\$ 15,890,000
11/7/1995	Refunding ^(a)	40,500,000 ^(a)	814,108	39,685,892

(a) The proposition authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters is issued, which equals \$40,500,000. To the extent the par amount of the refunding bonds exceeds the par amount of the refunded bonds the difference is counted against the refunding authorization. Additionally, any net premium received by the District from the sale of refunding bonds after deducting Underwriters' discount is also counted against the District's refunding authorization. The District issued \$2,540,000 Unlimited Tax Refunding Bonds, Series 2003, which did not use any of the District's authorized refunding amount, \$3,115,000 Unlimited Tax Refunding Bonds, Series 2005, which used \$205,000 of the refunding bonds authorized, \$3,595,000 Unlimited Tax Refunding Bonds, Series 2011, which used \$208,659.75 of the refunding bonds authorized, \$2,050,000 Unlimited Tax Refunding Bonds, Series 2012, which used \$231,438.55 of the refunding bonds authorized, and \$2,690,000 Unlimited Tax Refunding Bonds, Series 2012A, which used \$169,010.15 of the refunding bonds authorized.

Estimated Overlapping Debt Statement

Taxing Body	Gross Debt		% of Overlapping Gross Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	705,136,179	1/31/2019	0.34%	\$ 2,397,463.009
Travis County ESD No. 3	1,735,000	1/31/2019	22.98%	398,703.000
Travis County Healthcare District	9,380,000	1/31/2019	0.34%	31,892.000
Austin Community College	418,335,000	1/31/2019	0.34%	1,422,339.000
Austin Independent School District	916,011,549	1/31/2019	0.55%	5,038,063.520
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 9,288,460.528
Travis Co. MUD No. 3 (a)	\$ 49,742,454	2/26/2019	100.00%	\$49,742,453.885
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				\$59,030,914.414
Ratio of Estimated and Overlapping Debt to Certified 2018 Assessed Valuation				8.47%

(a) Includes the direct debt of Travis County MUD No. 3 and Travis County MUD No. 3's pro rata share of the Bonds and Outstanding Contract Bonds based upon the 2018 Assessed Valuation.

Overlapping Taxes for 2018

Overlapping Entity	2018 Tax Rate Per	
	\$100 Assessed Valuation Travis County	Average Tax Bill ^(a) Travis County
Travis County	\$0.354200	\$ 4,571
Travis County ESD No. 3	0.097500	1,258
Travis County Healthcare District	0.105221	1,358
Austin Community College	0.104800	1,352
Austin Independent School District	1.192000	15,382
Travis Co. MUD No. 3	0.475200	6,132
Total	\$2.328921	\$ 30,054

(a) Based upon the 2018 average single-family home value of \$1,290,454 as provided by TCAD.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4

Status of Development

Development within Travis County Municipal Utility District No. 4 includes the Omni Barton Creek Resort and Spa which is located on approximately 492 acres. Omni Barton Creek Resort and Spa's property is which is currently closed for operations and currently undergoing an estimated \$150 million renovation that is expected to be completed mid-2019. Upon completion of the renovations, the property will consist of: a 51,000 square foot renovated clubhouse, several restaurants, a conference center that includes 53 meeting rooms, a grand ballroom and event pavilion, a 493 room hotel, the Fazio Foothills 18-hole golf course, the Crenshaw 18-hole golf course, sports and tennis shops, a championship caliber tennis center that includes 10 lighted tennis courts, three swimming pools, a fitness center and spa, jogging trails and a three-level parking garage. Omni Barton Creek Resort and Spa operates both as a private club open to members and their guests, and a resort hotel available to the public.

Selected Financial Information

2018 Certified Assessed Valuation.....\$79,723,722^(a)
 2017 Certified Assessed Valuation.....\$103,778,774^(a)

Outstanding Debt

Outstanding Debt	Gross Debt	Average Annual Debt	Maximum Annual Debt
Direct Obligations of MUD No. 4 ^(b)	\$ 795,000	\$ 154,267	\$ 158,425
Contract Unlimited Tax ^(c)	5,188,165	324,437	343,005
	\$ 5,983,165	\$ 478,704	\$ 501,430

- (a) As provided by the Travis Central Appraisal District ("TCAD").
- (b) Debt issued by Travis Co. MUD No. 4 to acquire or construct internal facilities. See "Bonds Authorized but Unissued" below.
- (c) Travis Co. MUD No. 4's pro rata share of the Bonds and the Outstanding Contract Bonds based upon the Service Area Assessed Valuation of \$1,344,872,572 for 2018.

Ratio of Gross Debt to 2018 Certified Assessed Valuation 7.50%

Fund Balances as of February 5, 2019

General Operating Fund	\$ 1,917,716
Special Revenue Fund	4,194
Debt Service Fund	127,616

Tax Information

	<u>District</u>	<u>Contract</u>	<u>Total</u>
Tax Rate required to pay Average Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.2037	\$ 0.4284	\$ 0.6321 /\$100 AV
Tax Rate required to pay Maximum Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.2092	\$ 0.4529	\$ 0.6621 /\$100 AV

Tax Rate Distribution

Tax Rate Distribution	2018	2017	2016	2015	2014	2013
Debt Service	\$ 0.1560	\$ 0.0995	\$ 0.0941	\$ 0.1072	\$ 0.1817	\$ 0.1896
Maintenance	0.2236	0.2801	0.2855	0.2724	0.1979	0.1900
Contract	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Total	\$ 0.7296					

Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Current Collections		Total Collections		Tax Year Ending
				Amount	Percent	Amount	Percent	
1996	\$ 25,299,100	\$ 0.6417	\$ 162,344	\$ 162,344	100.00%	\$ 162,344	100.00%	9/30/1997 ^(a)
1997	21,305,009	0.9500	202,388	202,388	100.00%	202,388	100.00%	9/30/1998 ^(a)
1998	19,513,027	0.9500	185,374	185,374	100.00%	185,374	100.00%	9/30/1999 ^(a)
1999	20,513,355	0.8589	176,189	176,189	100.00%	176,189	100.00%	9/30/2000 ^(a)
2000	40,036,271	0.8589	343,872	342,335	99.55%	342,335	99.55%	9/30/2001 ^(a)
2001	46,126,538	0.8589	396,181	396,181	100.00%	396,181	100.00%	9/30/2002 ^(a)
2002	63,808,411	0.7500	478,446	478,446	100.00%	478,446	100.00%	9/30/2003 ^(a)
2003	60,912,460	0.7316	445,662	445,662	100.00%	445,662	100.00%	9/30/2004 ^(a)
2004	62,731,800	0.6796	426,326	426,326	100.00%	426,326	100.00%	9/30/2005 ^(a)
2005	61,586,178	0.7264	447,508	447,508	100.00%	447,508	100.00%	9/30/2006 ^(a)
2006	61,801,749	0.6927	428,100	428,100	100.00%	428,100	100.00%	9/30/2007 ^(a)
2007	66,027,686	0.6927	457,372	457,372	100.00%	457,372	100.00%	9/30/2008 ^(a)
2008	67,428,386	0.6715	452,781	452,781	100.00%	452,781	100.00%	9/30/2009 ^(a)
2009	60,084,210	0.7296	438,375	438,375	100.00%	438,375	100.00%	9/30/2010 ^(a)
2010	53,625,479	0.7296	391,251	391,251	100.00%	391,251	100.00%	9/30/2011 ^(a)
2011	52,813,202	0.7296	385,324	385,324	100.00%	385,324	100.00%	9/30/2012 ^(a)
2012	58,045,418	0.7296	423,498	423,498	100.00%	423,498	100.00%	9/30/2013 ^(a)
2013	65,432,269	0.7296	477,392	477,392	100.00%	477,392	100.00%	9/30/2014 ^(a)
2014	72,567,178	0.7296	529,448	529,448	100.00%	529,448	100.00%	9/30/2015 ^(a)
2015	113,012,232	0.7296	844,693	844,693	100.00%	844,693	100.00%	9/30/2016 ^(a)
2016	128,597,638	0.7296	938,248	938,248	100.00%	938,248	100.00%	9/30/2017 ^(a)
2017	103,778,774	0.7296	757,170	757,170	100.00%	757,170	100.00%	9/30/2018 ^(b)
2018	79,723,722	0.7296	581,664			<i>In Process of Collection</i>		9/30/2019 ^(c)

(a) Audited

(b) Unaudited.

(c) Taxes are due with no late penalty by January 31, 2019.

Principal Taxpayers

Principal Taxpayers	Type Property	2018	2017	2016
Barton Creek Resort & Clubs Inc.	Country Club & Resort	\$ 67,232,035	\$ 92,288,398	\$ 116,485,656
Owners Club at Barton Creek LP	Interval Ownership Houses	8,807,240	8,974,069	9,126,533
Omni Barton Creek Inc.	Golf Course	1,641,359	1,611,968	2,004,099
TCF National Bank	Personal Property	1,557,621	-	-
AT&T Mobility LLC	Cellular	149,240	119,531	129,353
Encore Event Technologies	Personal Property	98,987	92,824	-
Dallas MTA LP	Personal Property	71,878	41,690	52,633
Stratus Properties Operating Company LP	Acreage & Lots	55,738	55,738	55,738
Modular Space Corporation	Personal Property	27,855	-	-
The Stewart Organization Inc.	Personal Property	24,318	30,896	36,699
DLL Finance LLC	Personal Property	-	511,771	639,865
The Coca Cola Company	Personal Property	-	-	29,566
Brech Spradley Golf Academy LLC	Personal Property	-	-	15,197
		\$ 79,666,271	\$ 103,726,885	\$ 128,575,339
	Percent of Assessed Valuation	99.93%	99.95%	99.98%

Bonds Authorized But Unissued

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/7/1995	Water, Wastewater & Drainage	\$ 8,850,000	\$ 1,935,000	\$ 6,915,000
11/7/1995	Refunding ^(a)	13,275,000	1,750,000	11,525,000

(a) The proposition authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters is issued, which equals \$13,275,000. To the extent the par amount of the refunding bonds exceeds the par amount of the refunded bonds the difference is counted against the refunding authorization. Additionally, any net premium received by the District from the sale of refunding bonds after deducting Underwriters' discount is also counted against the District's refunding authorization. The District's Unlimited Tax Refunding Bonds, Series 2007 did not use any refunding authorization.

Estimated Overlapping Debt Statement

Taxing Body	Gross Debt		% of Overlapping Gross Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	705,136,179	1/31/2019	0.07%	\$ 493,595.325
Travis County ESD No. 3	1,735,000	1/31/2019	2.43%	42,103.682
Travis County Healthcare District	9,380,000	1/31/2019	0.07%	6,566.000
Austin Community College	418,335,000	1/31/2019	0.07%	292,834.500
Austin Independent School District	916,011,549	1/31/2019	0.11%	1,007,612.704
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 1,842,712.211
Travis Co. MUD No. 4 (a)	\$ 5,983,165	2/26/2019	100.00%	\$ 5,983,164.511
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				\$ 7,825,876.72
Ratio of Estimated and Overlapping Debt to Certified 2018 Assessed Valuation				9.82%

(a) Includes the direct debt of Travis County MUD No. 4 and Travis County MUD No. 4's pro rata share of the Bonds and Outstanding Contract Bonds based upon the 2018 Assessed Valuation.

Overlapping Taxes for 2018

Overlapping Entity	2018 Tax Rate Per \$100 Assessed Valuation Travis County
Travis County	\$0.354200
Travis County ESD No. 3	0.097500
Travis County Healthcare District	0.105221
Austin Community College	0.104800
Austin Independent School District	1.192000
Travis Co. MUD No. 4	0.729600
Total	<u>\$2.583321</u>

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

Status of Development (as of January 1, 2019):

Section	Net Acreage	Platted Lots			Completed Units			Under Construction		Vacant Lots	
		Other	Single Family	Detached Condo	Single Family	Detached Condo	Multi-Family	Single Family	Detached Condo	Single Family	Detached Condo
A. Developed with Utility Facilities											
Calera Court	15.34	-	-	16	-	16	-	-	-	-	-
Golf Course	255.06	- ^(a)	-	-	-	-	-	-	-	-	-
Calera Drive	71.02	-	53	-	47	-	-	2	-	4	-
Amarra Drive, Ph 1	40.15	-	6	2	4	-	-	-	-	2	2
Amarra Drive, Ph 2	89.44	-	35	-	20	-	-	5	-	10	-
Amarra Drive, Ph 3A	63.89	-	25	-	20	-	-	2	-	3	-
Amarra Drive, Ph 3B	84.77	-	63	-	16 ^(b)	-	-	8	-	38	-
Amarra Commercial	21.00	-	-	-	-	-	-	-	-	-	-
Villas at Amarra (Block G)	19.80	-	-	20	-	7	-	-	-	-	13
	660.47	-	182	38	107	23	-	17	-	57	15
B. Remaining Undeveloped but Developable Acreage											
N/A	-										
C. Undevelopable Acreage											
	26.33										
Total Acreage	686.80										

- (a) Includes the Fazio Canyons Golf Course.
- (b) Includes one house on two lots, currently under construction.

Selected Financial Information

2018 Certified Assessed Valuation	\$ 281,331,305 ^(a)
2017 Certified Assessed Valuation	253,614,609 ^(a)

Outstanding Debt

Outstanding Debt	Gross Debt	Average Annual Debt	Maximum Annual Debt
Direct Obligations of MUD No. 5 ^(b)	\$ 6,230,000	\$ 596,628	\$ 661,421
Contract Unlimited Tax ^(c)	18,308,140	1,144,882	1,210,405
	\$ 24,538,140	\$ 1,741,510	\$ 1,871,826

- (a) As provided by the Travis Central Appraisal District ("TCAD").
- (b) Debt issued by Travis Co. MUD No. 5 to acquire or construct internal facilities. See "Bonds Authorized but Unissued" below.
- (c) Travis Co. MUD No. 5's pro rata share of the Bonds and the Outstanding Contract Bonds based upon the Service Area Assessed Valuation of \$1,344,872,572 for 2018.

Ratio of Gross Debt to 2018 Certified Assessed Valuation 8.72%

Fund Balances as of December 31, 2018

General Operating Fund	\$ 797,594
Special Revenue Fund	720,444
Debt Service Fund	264,102
Capital Projects Fund	565,022

Tax Information

	<u>District</u>	<u>Contract</u>	<u>Total</u>
Tax Rate required to pay Average Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.2232	\$ 0.4284	\$ 0.6516 /\$100 AV
Tax Rate required to pay Maximum Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.2475	\$ 0.4529	\$ 0.7004 /\$100 AV

Tax Rate Distribution

Tax Rate Distribution	2018	2017	2016	2015	2014	2013
Debt Service	\$ 0.2000	\$ 0.2080	\$ 0.2275	\$ 0.2782	\$ 0.2379	\$ 0.3830
Maintenance	0.0400	0.0450	0.1200	0.1146	0.1814	0.0790
Contract	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Total	\$ 0.5900	\$ 0.6030	\$ 0.6975	\$ 0.7428	\$ 0.7693	\$ 0.8120

Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Current Collections		Total Collections		Tax Year Ending
				Amount	Percent	Amount	Percent	
1996	\$ 6,160,057	\$ 0.9500	\$ 58,521	\$ 58,521	100.00%	\$ 58,521	100.00%	9/30/1997 ^(a)
1997	6,406,083	0.9500	60,858	60,858	100.00%	60,858	100.00%	9/30/1998 ^(a)
1998	5,683,565	0.9500	53,994	53,994	100.00%	53,994	100.00%	9/30/1999 ^(a)
1999	7,686,413	0.9089	69,862	69,861	100.00%	69,861	100.00%	9/30/2000 ^(a)
2000	9,363,479	0.9089	85,105	85,105	100.00%	85,105	100.00%	9/30/2001 ^(a)
2001	9,470,460	0.9089	86,077	86,077	100.00%	86,077	100.00%	9/30/2002 ^(a)
2002	9,492,353	0.9089	86,276	86,276	100.00%	86,276	100.00%	9/30/2003 ^(a)
2003	10,198,337	0.9089	92,693	92,693	100.00%	92,693	100.00%	9/30/2004 ^(a)
2004	11,898,224	0.9089	108,143	108,143	100.00%	108,143	100.00%	9/30/2005 ^(a)
2005	11,519,189	0.9089	104,698	104,855	100.15%	104,855	100.15%	9/30/2006 ^(a)
2006	21,299,786	0.9089	193,594	193,594	100.00%	193,594	100.00%	9/30/2007 ^(a)
2007	45,118,337	0.9089	410,081	408,489	99.61%	408,489	99.61%	9/30/2008 ^(a)
2008	74,896,751	0.9089	686,214	651,798	94.98%	653,390	95.22%	9/30/2009 ^(a)
2009	89,559,653	0.8571	767,616	736,001	95.88%	759,090	98.89%	9/30/2010 ^(a)
2010	82,539,960	0.8571	707,450	689,760	97.50%	727,224	102.80%	9/30/2011 ^(a)
2011	80,447,159	0.8571	689,512	682,346	98.96%	700,036	101.53%	9/30/2012 ^(a)
2012	77,869,737	0.8120	632,303	632,303	100.00%	639,469	101.13%	9/30/2013 ^(a)
2013	83,544,109	0.8120	678,377	678,377	100.00%	678,377	100.00%	9/30/2014 ^(a)
2014	109,959,670	0.7693	847,563	847,563	100.00%	847,563	100.00%	9/30/2015 ^(a)
2015	141,825,599	0.7428	1,053,480	1,043,407	99.04%	1,043,407	99.04%	9/30/2016 ^(a)
2016	203,761,483	0.6975	1,422,329	1,419,800	99.82%	1,429,873	100.53%	9/30/2017 ^(a)
2017	253,614,609	0.6030	1,529,296	1,524,014	99.65%	1,524,014	99.65%	9/30/2018 ^(b)
2018	281,819,065	0.5900	1,662,732					9/30/2019 ^(c)

- (a) Audited.
- (b) Unaudited.
- (c) Taxes are due with no late penalty by January 31, 2019.

Principal Taxpayers

Principal Taxpayers	Type Property	2018	2017	2016
Stratus Properties Operating Company LP	Acreage & Lots	\$ 37,290,453	\$ 46,816,235	\$ 37,214,572
Villas at Amarra Drive LLC	Country Club & Resort	7,025,035	7,552,837	-
Barton Creek Resort & Clubs, Inc.	Land & Improvements	3,912,305	3,912,305	3,912,305
Heyl Homes Inc.	Land & Improvements	-	-	6,188,765
Individual Homeowners	Land & Improvements	<u>24,641,237</u>	<u>21,991,587</u>	<u>18,365,092</u>
		\$ 72,869,030	\$ 80,272,964	\$ 65,680,734
Percent of Assessed Valuation		25.90%	31.65%	32.23%

Bonds Authorized But Unissued

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/7/1995	Water, Wastewater & Drainage	\$ 13,250,000	\$ 7,770,000	\$ 5,480,000
11/7/1995	Refunding ^(a)	19,875,000	315,000	19,560,000

(a) The proposition authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters is issued, which equals \$19,875,000. To the extent the par amount of the refunding bonds exceeds the par amount of the refunded bonds the difference is counted against the refunding authorization. Additionally, any net premium received by the District from the sale of refunding bonds after deducting Underwriters' discount is also counted against the District's refunding authorization. The District issued \$3,990,000 Unlimited Tax Refunding Bonds, Series 2012, which used \$315,000 of the refunding bonds authorized.

Estimated Overlapping Debt Statement

Taxing Body	Gross Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	705,136,179	1/31/2019	0.11%	\$ 775,649,797
Travis County ESD No. 3	1,735,000	1/31/2019	7.40%	128,390,000
Travis County Healthcare District	9,380,000	1/31/2019	0.11%	10,318,000
Austin Community College	418,335,000	1/31/2019	0.13%	543,835,500
Austin Independent School District	916,011,549	1/31/2019	0.18%	<u>1,648,820,788</u>
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 3,107,014,085
Travis Co. MUD No. 5 (a)	\$ 24,538,140	2/26/2019	100.00%	<u>\$ 24,538,140.359</u>
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				<u>\$ 27,645,154.444</u>
Ratio of Estimated and Overlapping Debt to Certified 2018 Assessed Valuation				9.83%

(a) Includes the direct debt of Travis County MUD No. 5 and Travis County MUD No. 5's pro rata share of the Bonds and Outstanding Contract Bonds based upon the 2018 Assessed Valuation.

Overlapping Taxes for 2018

Overlapping Entity	2018 Tax Rate Per	
	\$100 Assessed Valuation	Average Tax Bill ^(a)
	Travis County	Travis County
Travis County	\$0.354200	\$ 6,092
Travis County ESD No. 3	0.097500	1,677
Travis County Healthcare District	0.105221	1,810
Austin Community College	0.104800	1,802
Austin Independent School District	1.192000	20,501
Travis Co. MUD No. 5	0.590000	10,147
Total	<u>\$2.443721</u>	<u>\$ 42,030</u>

(a) Based upon the 2018 average single-family home value of \$1,719,912 as provided by TCAD.

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TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 6

Status of Development (as of January 1, 2019):

A. Developed with Utility Facilities

Section	Net Acreage	Platted Lots	Single Family Completed Homes	Homes Under Construction	Vacant Lots
Section J, Phase 1	27.28	11	11	-	-
Section J, Phase 2	<u>237.34</u>	<u>54</u> ^(a)	<u>42</u>	-	<u>3</u>
Total Developed with Utilities or Under Construction	264.62	65	51	2	3

B. Remaining Developable Acreage **0.00**

C. Undevelopable Acreage **7.01**

Total **271.63**

(a) Includes four homes built on two lots each, one home built on three lots and one home built on four lots.

Selected Financial Information

2018 Certified Assessed Valuation.....	\$167,987,487 ^(a)
2017 Certified Assessed Valuation.....	\$156,150,053 ^(a)

Outstanding Debt

Outstanding Debt	Gross Debt	Average Annual Debt	Maximum Annual Debt
Direct Obligations of MUD No. 6 ^(b)	\$ 780,000	\$ 131,032	\$ 134,485
Contract Unlimited Tax ^(c)	<u>10,932,088</u>	<u>683,628</u>	<u>722,752</u>
	\$ 11,712,088	\$ 814,660	\$ 857,237

(a) As provided by the Travis Central Appraisal District ("TCAD").
 (b) Debt issued by Travis Co. MUD No. 6 to acquire or construct internal facilities. See "Bonds Authorized but Unissued" below.
 (c) Travis Co. MUD No. 6's pro rata share of the Bonds and the Outstanding Contract Bonds based upon the Service Area Assessed Valuation of \$1,344,872,572 for 2018.

Ratio of Gross Debt to 2018 Certified Assessed Valuation 6.97%

Fund Balances as of December 31, 2018

General Operating Fund	\$ 380,777
Special Revenue Fund	352,661
Debt Service Fund	39,139

Tax Information

	<u>District</u>	<u>Contract</u>	<u>Total</u>
Tax Rate required to pay Average Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.0821	\$ 0.4284	\$ 0.5105 /\$100 AV
Tax Rate required to pay Maximum Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.0843	\$ 0.4529	\$ 0.5372 /\$100 AV

Tax Rate Distribution

Tax Rate Distribution	2018	2017	2016	2015	2014	2013
Debt Service	\$ 0.0775	\$ 0.0948	\$ 0.0798	\$ 0.0770	\$ 0.0800	\$ 0.0855
Maintenance	0.0371	0.0400	0.0302	0.0330	0.0300	0.0355
Contract	<u>0.3500</u>	<u>0.3500</u>	<u>0.3500</u>	<u>0.3500</u>	<u>0.3500</u>	<u>0.3500</u>
Total	\$ 0.4646	\$ 0.4848	\$ 0.4600	\$ 0.4600	\$ 0.4600	\$ 0.4710

Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Current Collections		Total Collections		Tax Year Ending
				Amount	Percent	Amount	Percent	
1996	\$ 1,500,633	\$ 0.9500	\$ 14,256	\$ 14,256	100.00%	\$ 14,256	100.00%	9/30/1997 ^(a)
1997	1,470,336	0.9500	13,968	13,968	100.00%	13,968	100.00%	9/30/1998 ^(a)
1998	2,259,434	0.9500	21,465	21,465	100.00%	21,465	100.00%	9/30/1999 ^(a)
1999	3,583,880	0.9089	32,574	32,574	100.00%	32,574	100.00%	9/30/2000 ^(a)
2000	12,909,689	0.8870	114,509	108,396	94.66%	108,396	94.66%	9/30/2001 ^(a)
2001	34,049,342	0.8870	302,018	302,018	100.00%	302,018	100.00%	9/30/2002 ^(a)
2002	46,924,775	0.6500	305,011	291,067	95.43%	291,077	95.43%	9/30/2003 ^(a)
2003	58,379,736	0.6555	382,679	374,260	97.80%	374,260	97.80%	9/30/2004 ^(a)
2004	71,132,109	0.6316	449,270	438,533	97.61%	438,533	97.61%	9/30/2005 ^(a)
2005	79,309,637	0.5861	464,834	457,508	98.42%	467,607	100.60%	9/30/2006 ^(a)
2006	99,664,325	0.5182	516,460	511,835	99.10%	521,693	101.01%	9/30/2007 ^(a)
2007	128,213,257	0.4831	619,397	613,507	99.05%	617,859	99.75%	9/30/2008 ^(a)
2008	149,412,140	0.4531	675,308	675,308	100.00%	681,471	100.91%	9/30/2009 ^(a)
2009	156,625,859	0.4665	730,660	729,724	99.87%	729,724	99.87%	9/30/2010 ^(a)
2010	149,039,821	0.4750	707,767	705,981	99.75%	706,917	99.88%	9/30/2011 ^(a)
2011	147,445,861	0.4750	700,368	694,296	99.13%	696,082	99.39%	9/30/2012 ^(a)
2012	142,334,015	0.4750	676,086	674,303	99.74%	680,375	100.63%	9/30/2013 ^(a)
2013	152,776,344	0.4710	719,577	716,870	99.62%	716,870	99.62%	9/30/2014 ^(a)
2014	161,905,121	0.4600	744,764	741,370	99.54%	745,860	100.15%	9/30/2015 ^(a)
2015	170,099,693	0.4600	782,458	761,515	97.32%	764,909	97.76%	9/30/2016 ^(a)
2016	165,059,606	0.4600	763,794	757,714	99.20%	778,657	101.95%	9/30/2017 ^(a)
2017	156,150,053	0.4848	757,015	754,810	99.71%	754,810	99.71%	9/30/2018 ^(b)
2018	167,987,487	0.4646	780,470			<i>In Process of Collection</i>		9/30/2019 ^(c)

- (a) Audited.
- (b) Unaudited
- (c) Taxes are due with no late penalty by January 31, 2019.

Principal Taxpayers

Principal Taxpayers	Type Property	2018	2017	2016
Individual Homeowners	Land & Improvements	\$ 51,060,053	\$ 45,036,877	\$ 48,949,988
Structured Asset Mrtg Inv II Inc	Land & Improvements	-	6,762,377	-
Hagley Property Holdings	Land & Improvements	-	-	5,400,000
		<u>\$ 51,060,053</u>	<u>\$ 51,799,254</u>	<u>\$ 54,349,988</u>
Percent of Assessed Valuation		30.40%	33.17%	32.93%

Bonds Authorized But Unissued

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/7/1995	Water, Wastewater & Drainage	\$ 12,850,000	\$ 1,710,000	\$ 11,140,000
11/7/1995	Refunding ^(a)	19,275,000	50,000	19,225,000

(a) The proposition authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters is issued, which equals \$19,275,000. To the extent the par amount of the refunding bonds exceeds the par amount of the refunded bonds the difference is counted against the refunding authorization. Additionally, any net premium received by the District from the sale of refunding bonds after deducting Underwriters' discount is also counted against the District's refunding authorization. The District issued \$1,460,000 Unlimited Tax Refunding Bonds, Series 2007, which used \$50,000 of the refunding bonds authorized.

Estimated Overlapping Debt Statement

Taxing Body	Gross Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	705,136,179	1/31/2019	0.07%	\$ 493,595.325
Travis County ESD No. 3	1,735,000	1/31/2019	4.83%	83,800.500
Travis County Healthcare District	9,380,000	1/31/2019	0.07%	6,566.000
Austin Community College	418,335,000	1/31/2019	0.08%	334,668.000
Austin Independent School District	916,011,549	1/31/2019	0.11%	<u>1,007,612.704</u>
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 1,926,242.529
Travis Co. MUD No. 6 (a)	\$ 11,712,088	2/26/2019	100.00%	<u>\$ 11,712,087.670</u>
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				<u>\$ 13,638,330.199</u>
Ratio of Estimated and Overlapping Debt to Certified 2018 Assessed Valuation				8.12%

(a) Includes the direct debt of Travis County MUD No. 6 and Travis County MUD No. 6's pro rata share of the Bonds and Outstanding Contract Bonds based upon the 2018 Assessed Valuation.

Overlapping Taxes for 2018

Overlapping Entity	2018 Tax Rate Per	
	\$100 Assessed Valuation	Average Tax Bill ^(a)
	Travis County	Travis County
Travis County	\$0.354200	\$ 10,191
Travis County ESD No. 3	0.097500	2,805
Travis County Healthcare District	0.105221	3,028
Austin Community College	0.104800	3,015
Austin Independent School District	1.192000	34,297
Travis Co. MUD No. 6	<u>0.464600</u>	<u>13,368</u>
Total	<u>\$2.318321</u>	<u>\$ 66,705</u>

(a) Based upon the 2018 average single-family home value of \$2,877,306 as provided by TCAD.

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TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 7

Status of Development (as of January 1, 2019):

Total Acreage..... 217.34
 Total Acreage Developed with Utility Facilities 0.00*
 * Approximately 186.22 acres are developable and 31.12 are undevelopable.

Selected Financial Information

2018 Certified Assessed Valuation.....\$1,646,625^(a)
 2017 Certified Assessed Valuation.....\$1,638,252^(a)

Outstanding Debt

Outstanding Debt	Gross Debt	Average Annual Debt	Maximum Annual Debt
Direct Obligations of MUD No. 7 ^(b)	\$ -	\$ -	\$ -
Contract Unlimited Tax ^(c)	107,157	6,701	7,084
	\$ 107,157	\$ 6,701	\$ 7,084

- (a) As provided by the Travis Central Appraisal District ("TCAD").
- (b) Debt issued by Travis Co. MUD No. 7 to acquire or construct internal facilities. See "Bonds Authorized but Unissued" below.
- (c) Travis Co. MUD No. 7's pro rata share of the Bonds and the Outstanding Contract Bonds based upon the Service Area Assessed Valuation of \$1,344,872,572 for 2018.

Ratio of Gross Debt to 2018 Certified Assessed Valuation..... 6.51%

Fund Balances as of December 31, 2018

General Operating Fund \$ 4,054
 Special Revenue Fund 193

Tax Information

	<u>District</u>	<u>Contract</u>	<u>Total</u>
Tax Rate required to pay Average Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ -	\$ 0.4284	\$ 0.4284 /\$100 AV
Tax Rate required to pay Maximum Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ -	\$ 0.4529	\$ 0.4529 /\$100 AV

Tax Rate Distribution

Tax Rate Distribution	2018	2017	2016	2015	2014	2013
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	0.5589	0.5589	0.5589	0.5589	0.5589	0.5589
Contract	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Total	\$ 0.9089					

Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Current Collections		Total Collections		Tax Year Ending
				Amount	Percent	Amount	Percent	
1996	\$ 1,859,020	\$ 0.9500	\$ 17,661	\$ 17,661	100.00%	\$ 17,661	100.00%	9/30/1997 ^(a)
1997	1,859,150	0.9500	17,662	17,662	100.00%	17,662	100.00%	9/30/1998 ^(a)
1998	1,596,492	0.9500	15,167	15,167	100.00%	15,167	100.00%	9/30/1999 ^(a)
1999	1,597,952	0.9089	14,524	14,524	100.00%	14,524	100.00%	9/30/2000 ^(a)
2000	1,758,997	0.9089	15,988	15,988	100.00%	15,988	100.00%	9/30/2001 ^(a)
2001	1,802,209	0.9089	16,380	16,381	100.01%	16,381	100.01%	9/30/2002 ^(a)
2002	1,661,178	0.9089	15,098	15,098	100.00%	15,098	100.00%	9/30/2003 ^(a)
2003	1,661,052	0.9089	15,097	15,097	100.00%	15,097	100.00%	9/30/2004 ^(a)
2004	1,661,052	0.9089	15,097	15,097	100.00%	15,097	100.00%	9/30/2005 ^(a)
2005	1,660,960	0.9089	15,096	15,096	100.00%	15,096	100.00%	9/30/2006 ^(a)
2006	1,697,576	0.9089	15,429	15,429	100.00%	15,429	100.00%	9/30/2007 ^(a)
2007	1,696,941	0.9089	15,423	15,423	100.00%	15,423	100.00%	9/30/2008 ^(a)
2008	1,692,179	0.9089	15,380	15,380	100.00%	15,380	100.00%	9/30/2009 ^(a)
2009	1,690,455	0.9089	15,365	15,365	100.00%	15,365	100.00%	9/30/2010 ^(a)
2010	1,689,767	0.9089	15,357	15,357	100.00%	15,357	100.00%	9/30/2011 ^(a)
2011	1,687,265	0.9089	15,335	15,335	100.00%	15,335	100.00%	9/30/2012 ^(a)
2012	1,692,361	0.9089	15,382	15,382	100.00%	15,382	100.00%	9/30/2013 ^(a)
2013	1,694,479	0.9089	15,401	15,401	100.00%	15,401	100.00%	9/30/2014 ^(a)
2014	1,696,567	0.9089	15,420	15,420	100.00%	15,420	100.00%	9/30/2015 ^(a)
2015	4,989,216	0.9089	45,347	45,347	100.00%	45,347	100.00%	9/30/2016 ^(a)
2016	1,639,115	0.9089	14,898	14,898	100.00%	14,898	100.00%	9/30/2017 ^(a)
2017	1,638,252	0.9089	14,890	14,890	100.00%	14,890	100.00%	9/30/2018 ^(b)
2018	1,646,625	0.9089	14,966					9/30/2019 ^(c)

In Process of Collection

- (a) Audited.
 (b) Unaudited.
 (c) Taxes are due with no late penalty by January 31, 2019.

Principal Taxpayers

Principal Taxpayers	Type Property	2018	2017	2016
Stratus Properties Operating Company LP	Land & Improvements	\$ 1,629,568	\$ 1,629,568	\$ 1,629,568
Southwestern Bell Telephone Co.	Acreage & Lots	17,057	8,684	9,547
		\$ 1,646,625	\$ 1,638,252	\$ 1,639,115
	Percent of Assessed Valuation	100.00%	100.00%	100.00%

Bonds Authorized But Unissued

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/7/1995	Water, Wastewater & Drainage	\$ 10,200,000	\$ -	\$ 10,200,000
11/7/1995	Refunding ^(a)	15,300,000	-	15,300,000

- (a) The proposition authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters is issued, which equals \$15,300,000. To the extent the par amount of the refunding bonds exceeds the par amount of the refunded bonds the difference is counted against the refunding authorization. Additionally, any net premium received by the District from the sale of refunding bonds after deducting Underwriters' discount is also counted against the District's refunding authorization.

Estimated Overlapping Debt Statement

Taxing Body	Gross Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	705,136,179	1/31/2019	0.001%	\$ 6,109.849
Travis County ESD No. 3	1,735,000	1/31/2019	0.050%	869.615
Travis County Healthcare District	9,380,000	1/31/2019	0.001%	81.291
Austin Community College	418,335,000	1/31/2019	0.001%	3,133.849
Austin Independent School District	916,011,549	1/31/2019	0.001%	<u>13,107.805</u>
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 23,302.409
Travis Co. MUD No. 7 (a)	\$ 107,157	2/26/2019	100.00%	<u>\$ 107,157.082</u>
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				<u>\$ 130,459.490</u>
Ratio of Estimated and Overlapping Debt to Certified 2018 Assessed Valuation				7.92%

(a) Travis County MUD No. 7's pro rata share of the Bonds and Outstanding Contract Bonds based upon the 2018 Assessed Valuation.

Overlapping Taxes for 2018

Overlapping Entity	2018 Tax Rate Per \$100 Assessed Valuation Travis County
Travis County	\$0.354200
Travis County ESD No. 3	0.097500
Travis County Healthcare District	0.105221
Austin Community College	0.104800
Austin Independent School District	1.192000
Travis Co. MUD No. 7	<u>0.908900</u>
Total	<u>\$2.762621</u>

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 8

Status of Development (as of January 1, 2019):

Section	Net Acreage	Platted Lots		Completed		Under Construction		Vacant Lots
		Multi-Family	Single Family	Single Family	Multi Family	Single Family	Multi Family	Single Family
A. Developed with Utility Facilities or Under Construction								
Mirador	186.00	-	34	24 ^(a)	-	-	-	6
Section N - Santal Apartments	<u>35.00</u>	<u>448 ^(b)</u>	<u>-</u>	<u>-</u>	<u>448</u>	<u>-</u>	<u>-</u>	<u>-</u>
	221.00	448	34	24	448	-	-	6
B. Remaining Undeveloped but Developable Acreage								
	349.00							
C. Undevelopable Acreage								
	<u>138.30</u>							
Total Acreage	708.30							

- (a) Includes two homes built on two lots each and the two owners own three lots each.
- (b) Stratus Properties completed construction of a 236 unit multi-family project (called the Santal Apartments) in Barton Creek Section N on approximately 35 acres, which includes a clubhouse and 11 apartment buildings. Stratus Properties began construction of Phase II of the Santal Apartments (an additional 212 apartment units) in May 2017, which were completed in January 2019.

Selected Financial Information

2018 Certified Assessed Valuation.....	\$113,138,804 ^(a)
2017 Certified Assessed Valuation.....	\$107,663,024 ^(a)

Outstanding Debt

Outstanding Debt	Gross Debt	Average Annual Debt	Maximum Annual Debt
Direct Obligations of MUD No. 8 ^(b)	\$ 1,695,000	\$ 176,337	\$ 197,420
Contract Unlimited Tax ^(c)	<u>7,362,711</u>	<u>460,420</u>	<u>486,770</u>
	\$ 9,057,711	\$ 636,757	\$ 684,190

- (a) As provided by the Travis Central Appraisal District ("TCAD").
- (b) Debt issued by Travis Co. MUD No. 8 to acquire or construct internal facilities. See "Bonds Authorized but Unissued" below.
- (c) Travis Co. MUD No. 8's pro rata share of the Bonds and the Outstanding Contract Bonds based upon the Service Area Assessed Valuation of \$1,344,872,572 for 2018.

Ratio of Gross Debt to 2018 Certified Assessed Valuation 8.01%

Fund Balances as of December 31, 2018

General Operating Fund	\$ 702,603
Special Revenue Fund	144,892
Debt Service Fund	55,772
Capital Projects Fund	240,321

Tax Information

	<u>District</u>	<u>Contract</u>	<u>Total</u>
Tax Rate required to pay Average Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.1641	\$ 0.4284	\$ 0.5924 /\$100 AV
Tax Rate required to pay Maximum Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ 0.1837	\$ 0.4529	\$ 0.6366 /\$100 AV

Tax Rate Distribution

Tax Rate Distribution	2018	2017	2016	2015	2014	2013
Debt Service	\$ 0.1360	\$ 0.1378	\$ 0.1648	\$ 0.1633	\$ 0.2174	\$ 0.2586
Maintenance	0.2285	0.2267	0.1997	0.2012	0.1539	0.1127
Contract	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Total	\$ 0.7145	\$ 0.7145	\$ 0.7145	\$ 0.7145	\$ 0.7213	\$ 0.7213

Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Current Collections		Total Collections		Tax Year Ending
				Amount	Percent	Amount	Percent	
1996	\$ 5,164,951	\$ 0.9500	\$ 49,067	\$ 49,067	100.00%	\$ 49,067	100.00%	9/30/1997 ^(a)
1997	5,283,942	0.9500	50,197	50,198	100.00%	50,198	100.00%	9/30/1998 ^(a)
1998	5,572,170	0.9500	52,936	52,936	100.00%	52,936	100.00%	9/30/1999 ^(a)
1999	5,678,075	0.9089	51,608	51,608	100.00%	51,608	100.00%	9/30/2000 ^(a)
2000	6,347,702	0.9089	57,694	54,804	94.99%	54,804	94.99%	9/30/2001 ^(a)
2001	9,249,904	0.9089	84,072	84,073	100.00%	84,073	100.00%	9/30/2002 ^(a)
2002	15,084,332	0.9089	137,101	134,077	97.79%	134,077	97.79%	9/30/2003 ^(a)
2003	16,328,350	0.9089	148,394	148,394	100.00%	148,394	100.00%	9/30/2004 ^(a)
2004	19,355,022	0.9089	175,918	170,869	97.13%	170,869	97.13%	9/30/2005 ^(a)
2005	25,868,820	0.8489	210,477	210,477	100.00%	210,477	100.00%	9/30/2006 ^(a)
2006	34,790,812	0.7796	270,257	270,257	100.00%	270,257	100.00%	9/30/2007 ^(a)
2007	51,689,313	0.7213	372,836	372,836	100.00%	372,836	100.00%	9/30/2008 ^(a)
2008	68,918,454	0.7213	497,110	497,110	100.00%	497,110	100.00%	9/30/2009 ^(a)
2009	68,536,243	0.7213	494,352	476,132	96.31%	476,132	96.31%	9/30/2010 ^(a)
2010	63,300,445	0.7213	454,004	454,004	100.00%	454,004	100.00%	9/30/2011 ^(a)
2011	61,005,748	0.7213	440,034	440,034	100.00%	440,034	100.00%	9/30/2012 ^(a)
2012	60,313,373	0.7213	435,041	435,041	100.00%	435,041	100.00%	9/30/2013 ^(a)
2013	63,985,248	0.7213	462,110	462,110	100.00%	462,110	100.00%	9/30/2014 ^(a)
2014	69,438,163	0.7213	503,021	489,226	97.26%	489,226	97.26%	9/30/2015 ^(a)
2015	77,067,363	0.7145	550,646	550,646	100.00%	564,441	102.51%	9/30/2016 ^(a)
2016	88,508,297	0.7145	632,392	632,392	100.00%	632,392	100.00%	9/30/2017 ^(a)
2017	107,633,024	0.7145	769,038	769,038	100.00%	769,038	100.00%	9/30/2018 ^(b)
2018	113,145,979	0.7145	808,428	<i>In Process of Collection</i>				9/30/2019 ^(c)

- (a) Audited.
- (b) Unaudited.
- (c) Taxes are due with no late penalty by January 31, 2019.

Principal Taxpayers

Principal Taxpayers	Type Property	2018	2017	2016
Santal I LLC	Apartments	\$ 46,560,000	\$ 37,849,722	\$ 18,435,375
Stratus Properties Operating Company LP	Acreage & Lots	10,629,676	10,568,505	10,121,793
Individual Homeowners	Land & Improvements	24,824,255	25,102,937	26,029,454
		\$ 82,013,931	\$ 73,521,164	\$ 54,586,622
	Percent of Assessed Valuation	72.49%	68.31%	61.67%

Bonds Authorized But Unissued

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/7/1995	Water, Wastewater & Drainage	\$ 42,750,000	\$ 2,290,000	\$ 40,460,000
11/7/1995	Refunding ^(a)	64,125,000	-	64,125,000

(a) The proposition authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters is issued, which equals \$64,125,000. To the extent the par amount of the refunding bonds exceeds the par amount of the refunded bonds the difference is counted against the refunding authorization. Additionally, any net premium received by the District from the sale of refunding bonds after deducting Underwriters' discount is also counted against the District's refunding authorization.

Estimated Overlapping Debt Statement

Taxing Body	Gross Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	705,136,179	1/31/2019	0.05%	\$ 352,568.090
Travis County ESD No. 3	1,735,000	1/31/2019	3.24%	56,214.000
Travis County Healthcare District	9,380,000	1/31/2019	0.05%	4,690.000
Austin Community College	418,335,000	1/31/2019	0.05%	209,167.500
Austin Independent School District	916,011,549	1/31/2019	0.08%	732,809.239
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 1,355,448.829
Travis Co. MUD No. 8 (a)	\$ 9,057,711	2/26/2019	100.00%	\$ 9,057,710.514
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				\$ 10,413,159.343
Ratio of Estimated and Overlapping Debt to Certified 2018 Assessed Valuation				9.20%

(a) Includes the direct debt of Travis County MUD No. 8 and Travis County MUD No. 8's pro rata share of the Bonds and Outstanding Contract Bonds based upon the 2018 Assessed Valuation.

Overlapping Taxes for 2018

Overlapping Entity	2018 Tax Rate Per	
	\$100 Assessed Valuation Travis County	Average Tax Bill ^(a) Travis County
Travis County	\$0.354200	\$ 6,623
Travis County ESD No. 3	0.097500	1,823
Travis County Healthcare District	0.105221	1,968
Austin Community College	0.104800	1,960
Austin Independent School District	1.192000	22,289
Travis Co. MUD No. 8	0.714500	13,360
Total	\$2.568221	\$ 48,023

(a) Based upon the 2018 average single-family home value of \$1,869,907 as provided by TCAD.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 9

Status of Development (as of January 1, 2019):

Total Acreage.....	290.75
Total Acreage Developed with Utility Facilities.....	0.00*

* Approximately 283.34 acres are developable and 7.41 acres are undevelopable.

Selected Financial Information

2018 Certified Assessed Valuation.....	\$3,830,643 ^(a)
2017 Certified Assessed Valuation.....	\$3,702,584 ^(a)

Outstanding Debt

Outstanding Debt	Gross Debt	Average Annual Debt	Maximum Annual Debt
Direct Obligations of MUD No. 9 ^(b)	\$ -	\$ -	\$ -
Contract Unlimited Tax ^(c)	249,286	15,589	16,481
	\$ 249,286	\$ 15,589	\$ 16,481

- (a) As provided by the Travis Central Appraisal District ("TCAD").
- (b) Debt issued by Travis Co. MUD No. 9 to acquire or construct internal facilities. See "Bonds Authorized but Unissued" below.
- (c) Travis Co. MUD No. 9's pro rata share of the Bonds and the Outstanding Contract Bonds based upon the Service Area Assessed Valuation of \$1,344,872,572 for 2018.

Ratio of Gross Debt to 2018 Certified Assessed Valuation.....	6.51%
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Fund Balance as of December 31, 2018

General Operating Fund	\$ 4,080
Special Revenue Fund	50

Tax Information

	<u>District</u>	<u>Contract</u>	<u>Total</u>
Tax Rate required to pay Average Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ -	\$ 0.4284	\$ 0.4284 /\$100 AV
Tax Rate required to pay Maximum Requirement based on 2018 Certified Assessed Valuation at 95% collection	\$ -	\$ 0.4529	\$ 0.4529 /\$100 AV

Tax Rate Distribution

Tax Rate Distribution	2018	2017	2016	2015	2014	2013
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Maintenance	0.4775	0.4775	0.4935	0.5095	0.5256	0.5256
Contract	0.3500	0.3500	0.3500	0.3500	0.3500	0.3500
Total	\$ 0.8275	\$ 0.8275	\$ 0.8435	\$ 0.8595	\$ 0.8756	\$ 0.8756

Tax Collections

Tax Year	Assessed Valuation	Tax Rate	Tax Levy	Current Collections		Total Collections		Tax Year Ending
				Amount	Percent	Amount	Percent	
1996	\$ 2,662,265	\$ 0.9500	\$ 25,292	\$ 25,291	100.00%	\$ 25,291	100.00%	9/30/1997 ^(a)
1997	2,522,798	0.9500	23,967	23,967	100.00%	23,967	100.00%	9/30/1998 ^(a)
1998	2,184,731	0.9500	20,755	20,755	100.00%	20,755	100.00%	9/30/1999 ^(a)
1999	2,909,799	0.9089	26,447	26,447	100.00%	26,447	100.00%	9/30/2000 ^(a)
2000	3,214,041	0.9089	29,212	29,212	100.00%	29,212	100.00%	9/30/2001 ^(a)
2001	3,362,658	0.9089	30,563	30,563	100.00%	30,563	100.00%	9/30/2002 ^(a)
2002	3,339,185	0.9089	30,350	30,350	100.00%	30,350	100.00%	9/30/2003 ^(a)
2003	3,336,642	0.9089	30,327	30,327	100.00%	30,327	100.00%	9/30/2004 ^(a)
2004	3,336,642	0.9089	30,327	30,327	100.00%	30,327	100.00%	9/30/2005 ^(a)
2005	3,205,374	0.9089	29,134	29,134	100.00%	29,134	100.00%	9/30/2006 ^(a)
2006	3,361,283	0.8920	29,983	29,983	100.00%	29,983	100.00%	9/30/2007 ^(a)
2007	3,485,176	0.8920	30,516	30,516	100.00%	30,516	100.00%	9/30/2008 ^(a)
2008	3,581,021	0.8756	31,356	31,356	100.00%	31,356	100.00%	9/30/2009 ^(a)
2009	3,570,108	0.8756	31,260	31,260	100.00%	31,260	100.00%	9/30/2010 ^(a)
2010	3,449,695	0.8756	30,206	30,206	100.00%	30,206	100.00%	9/30/2011 ^(a)
2011	3,500,989	0.8756	30,654	30,654	100.00%	30,654	100.00%	9/30/2012 ^(a)
2012	3,423,108	0.8756	29,973	29,973	100.00%	29,973	100.00%	9/30/2013 ^(a)
2013	3,418,902	0.8756	29,936	29,936	100.00%	29,936	100.00%	9/30/2014 ^(a)
2014	3,512,444	0.8756	30,755	30,755	100.00%	30,755	100.00%	9/30/2015 ^(a)
2015	3,446,019	0.8595	29,618	29,618	100.00%	29,618	100.00%	9/30/2016 ^(a)
2016	3,561,579	0.8435	30,041	30,041	100.00%	30,041	100.00%	9/30/2017 ^(a)
2017	3,702,584	0.8275	30,639	30,639	100.00%	30,639	100.00%	9/30/2018 ^(b)
2018	3,830,643	0.8275	31,699			<i>In Process of Collection</i>		9/30/2019 ^(c)

(a) Audited.

(b) Unaudited.

(c) Taxes are due with no late penalty by January 31, 2019.

Principal Taxpayers

Principal Taxpayers	Type Property	2018	2017	2016
Stratus Properties Operating Company LP	Acreage & Lots	\$ 2,114,084	\$ 2,114,084	\$ 2,114,084
Individual Homeowner	Land & Improvements	1,680,000	1,567,775	1,425,250
Southwestern Bell Telephone Co.	Telephone Company	36,559	20,725	22,245
		\$ 3,830,643	\$ 3,702,584	\$ 3,561,579
Percent of Assessed Valuation		100.00%	100.00%	100.00%

Bonds Authorized But Unissued

Date of Authorization	Purpose	Authorized	Issued to Date	Unissued
11/7/1995	Water, Wastewater & Drainage	\$ 15,510,000	\$ -	\$ 15,510,000
11/7/1995	Refunding ^(a)	23,265,000	-	23,265,000

(a) The proposition authorized the District to issue refunding bonds in an amount not to exceed one and one-half times the amount of bonds or other obligations issued, assuming that the total amount of bonds authorized by the voters is issued, which equals \$23,265,000. To the extent the par amount of the refunding bonds exceeds the par amount of the refunded bonds the difference is counted against the refunding authorization. Additionally, any net premium received by the District from the sale of refunding bonds after deducting Underwriters' discount is also counted against the District's refunding authorization.

Estimated Overlapping Debt Statement

Taxing Body	Gross Debt		% of Overlapping Net Debt	Amount of Overlapping Net Debt
	Amount	As of		
Travis County	705,136,179	1/31/2019	0.002%	\$ 14,213.709
Travis County ESD No. 3	1,735,000	1/31/2019	0.117%	2,023.039
Travis County Healthcare District	9,380,000	1/31/2019	0.002%	189.111
Austin Community College	418,335,000	1/31/2019	0.002%	7,290.461
Austin Independent School District	916,011,549	1/31/2019	0.003%	30,493.478
TOTAL ESTIMATED OVERLAPPING NET DEBT				\$ 54,209.798
Travis Co. MUD No. 9 (a)	\$ 249,286	2/26/2019	100.00%	\$ 249,285.979
TOTAL ESTIMATED DIRECT AND OVERLAPPING DEBT				\$ 303,495.777
Ratio of Estimated and Overlapping Debt to Certified 2018 Assessed Valuation				7.92%

(a) Travis County MUD No. 9's pro rata share of the Bonds and Outstanding Contract Bonds based upon the 2018 Assessed Valuation.

Overlapping Taxes for 2018

Overlapping Entity	2018 Tax Rate Per	
	\$100 Assessed Valuation Travis County	Average Tax Bill ^(a) Travis County
Travis County	\$0.354200	\$ 5,951
Travis County ESD No. 3	0.097500	1,638
Travis County Healthcare District	0.105221	1,768
Austin Community College	0.104800	1,761
Austin Independent School District	1.192000	20,026
Travis Co. MUD No. 9	<u>0.827500</u>	<u>13,902</u>
Total	<u>\$2.681221</u>	<u>\$ 45,045</u>

(a) Based upon the 2018 average single-family home value of \$1,680,000 as provided by TCAD.

APPENDIX B
AUDITED FINANCIAL STATEMENT

The information contained in this appendix has been excerpted from the audited financial statements of Travis County Municipal Utility District No. 4 for the fiscal year ended September 30, 2018. Certain information not considered to be relevant to this financing has been omitted; however, complete audit reports are available upon request.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4**

YEAR ENDED SEPTEMBER 30, 2018

**FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4**

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**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4**

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ANNUAL FILING AFFIDAVIT

ANNUAL FILING AFFIDAVIT

STATE OF TEXAS
COUNTY OF TRAVIS

I, _____ of the
(Name of Duly Authorized District Representative)

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
(Name of District)

hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on **February 5, 2019**, its annual audit report for the fiscal period ended **September 30, 2018** and that copies of the annual audit report have been filed in the District's office, located at:

100 Congress Ave., Suite 1300
Austin, Texas 78701
(Address of District's Office)

This filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality in satisfaction of all annual filing requirements of Texas Water Code Section 49.194.

Date: _____, _____ By: _____
(Signature of District Representative)

(Typed Name and Title of District Representative)

Sworn to and subscribed to before me this _____ day of _____, _____.

(SEAL)

(Signature of Notary)

My Commission Expires On: _____, _____.
Notary Public in the State of Texas

INDEPENDENT AUDITOR'S REPORT

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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Board of Directors
Travis County Municipal
Utility District No. 4
Travis County, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Municipal Utility District No. 4 (the "District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Austin, Texas

February 5, 2019

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2018

In accordance with Governmental Accounting Standards Board Statement 34 ("GASB 34"), the management of Travis County Municipal Utility District No. 4 (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2018. Since this information is designed to focus on current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

FINANCIAL HIGHLIGHTS

- *General Fund:* At the end of the current fiscal year, the total fund balance was \$1,364,895, an increase of \$59,521 from the previous fiscal year. General fund revenues decreased from \$377,321 in the previous fiscal year to \$201,496 in the current fiscal year due primarily to an adjustment by the Appraisal District to the assessed value of a District taxpayer.
- *Special Revenue Fund:* Fund balance restricted for contracted Master District expenditures increased from \$3,002,637 in the previous fiscal year to \$3,630,124 in the current fiscal year. The Participant District was charged \$385,373 in contract charges from the Master District during the current fiscal year.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$4,660,165 in the previous fiscal year to \$4,734,368 in the current fiscal year. Contributions from the Participant Districts to the Master District increased from \$4,420,132 in the previous fiscal year to \$4,590,404 in the current fiscal year.
- *Capital Projects Fund:* Fund balance restricted for capital projects increased from \$422,802 in the previous fiscal year to \$1,730,039 in the current fiscal year. The District issued \$17,235,000 of Series 2017A unlimited contract tax bonds and paid for \$1,047,463 of bond issuance expenditures and \$13,178,848 to purchase water, wastewater and drainage infrastructure.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had expenses net of revenues of \$900,157. Net position decreased from a deficit of \$76,069 to a deficit balance of \$976,226.

OVERVIEW OF THE DISTRICT

The District is a political subdivision of the State of Texas created, along with six other conservation and reclamation districts, by an act of the 74th Regular Session of the Texas Legislature on June 16, 1995, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District was created to provide water, wastewater and storm drainage, including water quality facilities, to the approximately 492 acres within its boundaries, all of which lies within Travis County, Texas and the Barton Creek Development which includes the approximately 3,520 acres located in Travis County Municipal Utility District Nos. 3, 4, 5, 6, 7, 8 and 9. The District, which encompasses approximately 492 acres of land, is located in western Travis County and lies approximately 8 miles west of the City of Austin's central business district and is situated approximately 2 miles southwest of the intersection of RM 2244 and Capital of Texas Highway. The District lies entirely within the extraterritorial jurisdiction of Austin, Texas. Travis County Municipal Utility District No. 4 serves as the Master District for all seven districts. The Master District operates and maintains all of the water, wastewater and drainage and including water quality, facilities for the seven districts by contract.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4 MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2018

USING THIS ANNUAL REPORT

This annual report consists of five parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplementary Information* (required by the Texas Commission on Environmental Quality (the TSI section))
5. *Other Supplementary Information* (the OSI section)

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The *Statement of Net Position and Governmental Funds Balance Sheet* includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. This method measures cash and all other financial assets that can be readily converted to cash. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net position will indicate financial health.

The *Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

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

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

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

Summary Statement of Net Position

	Governmental Activities		Change Increase (Decrease)
	2018	2017	
Current and other assets	\$ 13,181,616	\$ 10,405,525	\$ 2,776,091
Capital and non-current assets	67,562,198	55,868,854	11,693,344
Total Assets	<u>80,743,814</u>	<u>66,274,379</u>	<u>14,469,435</u>
Deferred Outflows of Resources	<u>1,522,668</u>	<u>1,630,121</u>	<u>(107,453)</u>
Current Liabilities	4,659,338	3,442,916	1,216,422
Long-term Liabilities	<u>78,583,370</u>	<u>64,537,653</u>	<u>14,045,717</u>
Total Liabilities	<u>83,242,708</u>	<u>67,980,569</u>	<u>15,262,139</u>
Net Investment in Capital Assets	(10,513,465)	(8,805,876)	(1,707,589)
Restricted	8,090,109	7,424,432	665,677
Unrestricted	<u>1,447,130</u>	<u>1,305,375</u>	<u>141,755</u>
Total Net Position	<u>\$ (976,226)</u>	<u>\$ (76,069)</u>	<u>\$ (900,157)</u>

The District's net position decreased from a deficit balance of \$76,069 in the previous fiscal year to a deficit balance of \$976,226 in the current fiscal year.

Some of these assets are accounted for by capital assets or restricted for debt service. The District's unrestricted net position, which can be used to finance day to day operations, totaled \$1,447,130.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

Revenues and Expenses:

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2018	2017	
Water/wastewater/water quality fees	\$ 4,176,511	\$ 3,933,260	\$ 243,251
Property tax revenue	409,964	938,258	(528,294)
Other	324,479	166,709	157,770
Total Revenues	4,910,954	5,038,227	(127,273)
Contracted Master District services	385,373	(111,656)	497,029
Water/wastewater operations	2,722,454	2,659,265	63,189
Administrative	586,776	583,905	2,871
Debt service	3,580,099	2,547,016	1,033,083
Depreciation	1,851,327	1,585,674	265,653
Amortization	249,731	246,465	3,266
Total Expenses	9,375,760	7,510,669	1,865,091
Other Financing Sources	3,564,649	3,735,138	(170,489)
Change in Net Position	(900,157)	1,262,696	(2,162,853)
Beginning Net Position	(76,069)	(1,338,765)	1,262,696
Ending Net Position	\$ (976,226)	\$ (76,069)	\$ (900,157)

Revenues were \$4,910,954 for the fiscal year ended September 30, 2018 while expenses were \$9,375,760 and other financing sources were \$3,564,649. In total, net position decreased \$900,157.

Property tax revenues in the current fiscal year totaled \$409,964, which included the refund of certain property taxes due to an adjustment to appraised values by the Appraisal District to prior assessed taxes. Property tax revenue is derived from taxes being levied based upon the assessed value of real and personal property within the District. Property taxes levied for the 2017 tax year (September 30, 2018 fiscal year) were based upon a current assessed value of \$103,778,774 and a tax rate of \$0.7296 per \$100 of assessed valuation. Property taxes levied for the 2016 tax year (September 30, 2017 fiscal year) were based upon an adjusted assessed value of \$99,346,884 and a tax rate of \$0.7296 per \$100 of assessed valuation. The District's primary revenue source is water/wastewater/water quality service fees.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

ANALYSIS OF GOVERNMENTAL FUNDS

	<u>Governmental Funds by Year</u>			
	2018	2017	2016	2015
Cash on deposit	\$ 140,377	\$ 409,731	\$ 204,108	\$ 341,039
Cash equivalents/investments	12,048,300	8,478,620	8,311,432	6,951,499
Receivables	1,718,719	2,549,938	2,161,095	1,512,161
Total Assets	\$ 13,907,396	\$ 11,438,289	\$ 10,676,635	\$ 8,804,699
Accounts payable/refundable deposits	1,237,093	1,014,537	861,194	780,097
Other payable	1,210,867	1,032,764	832,594	1,206,832
Total Liabilities	2,447,960	2,047,301	1,693,788	1,986,929
Deferred Inflows of Resources	10	10	10	10
Restricted	7,991,059	6,623,780	6,296,781	4,069,422
Assigned	2,128,310	1,461,824	1,659,344	1,330,296
Unassigned	1,340,057	1,305,374	1,026,712	1,418,042
Total Fund Balance	11,459,426	9,390,978	8,982,837	6,817,760
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,907,396	\$ 11,438,289	\$ 10,676,635	\$ 8,804,699

For the fiscal year ended September 30, 2018, the District's governmental funds reflect a combined fund balance of \$11,459,426.

This fund balance includes a \$59,521 increase in the General Fund.

The Special Revenue Fund reflects an increase of \$627,487 in fiscal year 2018. The Special Revenue Fund for the Participant District was charged \$385,373 for Contracted Master District monthly charges.

The Debt Service Fund reflects an increase of \$74,203 in fiscal year 2018. The Debt Service Fund for the Master District remitted bond principal of \$2,370,000 and bond interest of \$2,512,170. In the Participant District, bond principal of \$110,000 and bond interest of \$39,910 was remitted. More detailed information about the District's debt is presented in the *Notes to the Financial Statements*.

The Capital Project Fund purchases the District's infrastructure. The Capital Projects Fund reflects an increase of \$1,307,237 in fund balance for fiscal year 2018. The District issued \$17,235,000 of Series 2017A unlimited contract tax bonds and paid \$1,047,463 of bond issuance expenditures and purchased \$13,178,848 of water, wastewater and drainage infrastructure.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

BUDGETARY HIGHLIGHTS

The *General Fund* pays for daily operating costs. On September 5, 2017, the Board of Directors approved budgets for the Participant and Master Districts. The Participant District budget included revenues of \$356,543 as compared to expenditures of \$129,350. When comparing actual to budget, the Participant District had a negative variance of \$167,672. The Master District budget included revenues of \$3,701,960 as compared to expenditures of \$5,163,784. When comparing actual to budget, the Master District had a positive variance of \$2,280,044. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

CAPITAL ASSETS

The District's governmental activities show an investment of \$66,001,253 in infrastructure. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	9/30/2018	9/30/2017
Capital Assets:		
Land	\$ 372,733	\$ 372,733
Construction in progress	1,442,440	918,954
Water/Wastewater/Drainage	81,536,219	68,268,569
Less: Accumulated Depreciation	(17,350,139)	(15,498,812)
Total Net Capital Assets	\$ 66,001,253	\$ 54,061,444

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

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

LONG TERM DEBT

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

	Bonds Payable
Series 2007 (Participant)	\$ 795,000
Series 2011 (Master)	3,900,000
Series 2012 (Master)	6,295,000
Series 2013 (Master)	9,385,000
Series 2014 (Master)	5,405,000
Series 2015 (Master)	2,830,000
Series 2015A (Master)	5,755,000
Series 2016 (Master)	9,455,000
Series 2016A (Master)	13,775,000
Series 2017 (Master)	5,775,000
Series 2017A (Master)	16,945,000
Total	\$ 80,315,000

The District owes approximately \$80 million to bondholders. In addition, the Participant District contributes to debt service requirements of the Master District bonds based upon a pro rata allocation of assessed valuation. During the year, the District made principal payments of \$2,480,000. The ratio of the Participant District's long-term debt (\$795,000) to the total 2018 taxable assessed valuation (\$79,723,722) is less than 1%. The ratio of the Master District's long-term debt (\$79,520,000) to the total 2018 taxable assessed valuation of all of the Participating District's total taxable assessed valuation (\$1,354,191,653) is 5.9%. The District's estimated population as of August 11, 2017, is 3,558 for all Participant Districts. More detailed information about the District's long-term debt is presented in the *Notes to the Financial Statements*.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The amount of assessed value of property within the District for the 2018 tax year (September 30, 2019 fiscal year) is approximately \$79.7 million and the tax rate levied was \$0.7296 per \$100 of assessed valuation. Approximately 31% of the property tax will fund general fund costs, approximately 48% will fund contracted Master District activity and approximately 21% of the property tax will be set aside for debt service.

The Participating District's adopted budget for fiscal year 2019 projects an operating fund balance decrease of \$24,838. The Master District's adopted budget for 2019 projects a fund balance decrease of \$2,103,472.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Armbrust & Brown, PLLC, 100 Congress Avenue, Suite 1300, Austin, Texas 78701.

FINANCIAL STATEMENTS

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2018**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Net Position
ASSETS							
Cash and cash equivalents -							
Cash	\$ 34,505	\$ 105,872	\$ -	\$ -	\$ 140,377	\$ -	\$ 140,377
Cash equivalents	1,898,842	3,563,362	2,280,550	1,758,055	9,500,809	-	9,500,809
Investments	-	-	2,547,491	-	2,547,491	-	2,547,491
Receivables-							
Water, wastewater and water quality fees, net of allowance for doubtful accounts of \$ -0-	-	874,369	-	-	874,369	-	874,369
Property taxes	1	9	-	-	10	-	10
Interfund	834	806,557	210	413	808,014	(808,014)	-
Prepaid bond issue costs	-	-	-	5,725	5,725	82,234	87,959
Prepaid lease/deferred asset	-	23,833	-	-	23,833	-	23,833
Other	-	6,768	-	-	6,768	-	6,768
Intangible assets, net of accumulated amortization	-	-	-	-	-	1,560,945	1,560,945
Capital assets, net of accumulated depreciation -							
Land	-	-	-	-	-	372,733	372,733
Construction in Progress	-	-	-	-	-	1,442,440	1,442,440
Water/Wastewater/Drainage System	-	-	-	-	-	64,186,080	64,186,080
TOTAL ASSETS	<u>1,934,182</u>	<u>5,380,770</u>	<u>4,828,251</u>	<u>1,764,193</u>	<u>13,907,396</u>	<u>66,836,418</u>	<u>80,743,814</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charges on bond refunding	-	-	-	-	-	1,522,668	1,522,668
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,934,182</u>	<u>\$ 5,380,770</u>	<u>\$ 4,828,251</u>	<u>\$ 1,764,193</u>	<u>\$ 13,907,396</u>	<u>68,359,086</u>	<u>82,266,482</u>
LIABILITIES							
Accounts payable	\$ 10,123	\$ 567,774	\$ -	\$ -	\$ 577,897	-	577,897
Retainage payable	-	25,570	-	-	25,570	-	25,570
Accrued interest payable	-	-	-	-	-	274,392	274,392
Refundable deposits	-	633,626	-	-	633,626	-	633,626
Interfund payables	559,163	120,814	93,883	34,154	808,014	(808,014)	-
Intergovernmental payables	-	402,853	-	-	402,853	-	402,853
Bonds payable -							
Due within one year	-	-	-	-	-	2,745,000	2,745,000
Due after one year	-	-	-	-	-	78,583,370	78,583,370
TOTAL LIABILITIES	<u>569,286</u>	<u>1,750,637</u>	<u>93,883</u>	<u>34,154</u>	<u>2,447,960</u>	<u>80,794,748</u>	<u>83,242,708</u>
DEFERRED INFLOWS OF RESOURCES							
Property taxes	1	9	-	-	10	(10)	-
FUND BALANCES / NET POSITION							
Fund balances:							
Restricted for contracted Master							
District expenditures	-	1,526,652	-	-	1,526,652	(1,526,652)	-
Restricted for debt service	-	-	4,734,368	-	4,734,368	(4,734,368)	-
Restricted for capital projects	-	-	-	1,730,039	1,730,039	(1,730,039)	-
Assigned for 2019 budget deficit	24,838	2,103,472	-	-	2,128,310	(2,128,310)	-
Unassigned	1,340,057	-	-	-	1,340,057	(1,340,057)	-
TOTAL FUND BALANCES	<u>1,364,895</u>	<u>3,630,124</u>	<u>4,734,368</u>	<u>1,730,039</u>	<u>11,459,426</u>	<u>(11,459,426)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,934,182</u>	<u>\$ 5,380,770</u>	<u>\$ 4,828,251</u>	<u>\$ 1,764,193</u>	<u>\$ 13,907,396</u>		
NET POSITION:							
Net investment in capital assets						(10,513,465)	(10,513,465)
Restricted for authorized contract tax expenditures						3,630,133	3,630,133
Restricted for debt service						4,459,976	4,459,976
Unrestricted						1,447,130	1,447,130
TOTAL NET POSITION						<u>\$ (976,226)</u>	<u>\$ (976,226)</u>

The accompanying notes are an integral part of this statement.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2018**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - wide Statement of Activities
REVENUES:							
Water, wastewater, and water quality fees, including penalties	\$ -	\$ 4,176,511	\$ -	\$ -	\$ 4,176,511	\$ -	\$ 4,176,511
Tap connection fees	16,780	76,680	-	-	93,460	-	93,460
Property tax revenues, including penalties	157,222	196,666	56,076	-	409,964	-	409,964
Interest	27,494	37,714	101,105	25,944	192,257	-	192,257
Miscellaneous	-	38,762	-	-	38,762	-	38,762
TOTAL REVENUES	201,496	4,526,333	157,181	25,944	4,910,954	-	4,910,954
EXPENDITURES / EXPENSES:							
Current:							
Contracted Master District services	-	385,373	-	-	385,373	-	385,373
Water purchases	-	529,329	-	-	529,329	-	529,329
Repairs and maintenance	55,203	485,951	-	-	541,154	-	541,154
Operations/management	4,297	367,152	-	-	371,449	-	371,449
Utilities and telephone	-	588,913	-	-	588,913	-	588,913
Inspections	8,500	-	-	-	8,500	-	8,500
Sludge hauling	-	87,498	-	-	87,498	-	87,498
Chemicals and lab fees	-	186,280	-	-	186,280	-	186,280
Lease expenditures	-	207,667	-	-	207,667	-	207,667
Permit fees	-	5,449	-	-	5,449	-	5,449
Security services	-	16,584	-	-	16,584	-	16,584
Landscape services	-	179,631	-	-	179,631	-	179,631
Director fees	-	8,720	-	-	8,720	-	8,720
Legal fees	41,658	39,656	-	-	81,314	-	81,314
Engineering fees	-	256,359	-	-	256,359	-	256,359
Accounting fees	18,000	78,000	-	-	96,000	-	96,000
Audit fees	11,125	16,625	-	-	27,750	-	27,750
Tax appraisal/collection fees	1,928	2,409	685	-	5,022	-	5,022
Other consulting fees	864	19,659	307	-	20,830	-	20,830
Insurance	400	63,020	-	-	63,420	-	63,420
Arbitrage review	-	-	500	-	500	-	500
Miscellaneous	-	26,861	-	-	26,861	-	26,861
Debt Service -							
Bond principal	-	-	2,480,000	-	2,480,000	(2,480,000)	-
Bond interest	-	-	2,552,080	-	2,552,080	63,856	2,615,936
Fiscal agent fees and other	-	-	2,200	-	2,200	-	2,200
Bond issuance costs	-	-	-	1,047,463	1,047,463	(85,500)	961,963
Capital outlay	-	612,288	-	13,178,848	13,791,136	(13,791,136)	-
Depreciation	-	-	-	-	-	1,851,327	1,851,327
Amortization	-	-	-	-	-	249,731	249,731
TOTAL EXPENDITURES / EXPENSES	141,975	4,163,424	5,035,772	14,226,311	23,567,482	(14,191,722)	9,375,760
Excess (deficiency) of revenues over expenditures/expenses	59,521	362,909	(4,878,591)	(14,200,367)	(18,656,528)	14,191,722	(4,464,806)
OTHER FINANCING SOURCES (USES) -							
Bond proceeds	-	1,006,383	362,390	15,866,227	17,235,000	(17,235,000)	-
Bond discount	-	-	-	(74,673)	(74,673)	74,673	-
Operating transfer	-	283,950	-	(283,950)	-	-	-
Intergovernmental contributions	-	(1,025,755)	4,590,404	-	3,564,649	-	3,564,649
TOTAL OTHER FINANCING SOURCES (USES) -	-	264,578	4,952,794	15,507,604	20,724,976	(17,160,327)	3,564,649
NET CHANGE IN FUND BALANCES	59,521	627,487	74,203	1,307,237	2,068,448	(2,068,448)	-
CHANGE IN NET POSITION						(900,157)	(900,157)
FUND BALANCES/ NET POSITION:							
Beginning of the year	1,305,374	3,002,637	4,660,165	422,802	9,390,978	(9,467,047)	(76,069)
End of the year	<u>\$ 1,364,895</u>	<u>\$ 3,630,124</u>	<u>\$ 4,734,368</u>	<u>\$ 1,730,039</u>	<u>\$ 11,459,426</u>	<u>\$ (12,435,652)</u>	<u>\$ (976,226)</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles (GAAP) as applied to governmental entities. Generally accepted accounting principles for local governments include those principles prescribed by the *Governmental Accounting Standards Board* (GASB), which constitutes the primary source of GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

Reporting Entity - The District was created by an order of the Texas State Legislature under House Bill 1606, passed by the 74th Legislature, regular session, 1995, as signed by the Governor on June 16, 1995. The District operates under Chapters 49 and 54 of the Texas Water Code pursuant to Article 16, Section 59 of the Texas Constitution. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors which has been elected by District residents or appointed by the Board of Directors. The District is not included in any other governmental "reporting entity" as defined by GASB Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Standards which are included in the District's reporting entity.

Basis of Presentation - Government-wide and Fund Financial Statements – These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

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

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

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

The financial statements are prepared in conformity with GASB Statement No. 34, and include a column for government-wide (based upon the District as a whole) and fund financial statement presentations. Statement No. 34 also requires as supplementary information Management's Discussion and Analysis, which includes an analytical overview of the District's financial activities. In addition a budgetary comparison statement is presented that compares the adopted General Fund budget with actual results.

- **Government-wide Statements:** The District's Statement of Net Position includes both non-current assets and non-current liabilities of the District. In addition, the government-wide Statement of Activities column reflects depreciation expense on the District's capital assets, including infrastructure.

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

- **Fund Financial Statements:**

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

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

- **General Fund** - The General Fund accounts for financial resources in use for general types of operations which are not encompassed within other funds. This fund is established to account for resources devoted to financing the general services that the District provides for its residents. Tax revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund.
- **Special Revenue Fund** – The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The primary sources of revenues are water, wastewater and water quality service fees to end-users and contributions from participating districts.
- **Debt Service Fund** – The Debt Service Fund is used to account for the resources restricted, committed or assigned for the payment of debt principal, interest and related costs.
- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources restricted, committed or assigned for the acquisition or construction of major capital facilities.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Governmental Fund Types (continued) -

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

Basis of Accounting

Government-wide Statements - The government-wide financial statement column is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Fund Financial Statements - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the net current assets. Governmental funds are accounted for on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available).

"Measurable" means that the amount of the transaction can be determined and "available" means the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures, if measurable, are generally recognized on the accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include the immature principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with generally accepted accounting principles.

Property tax revenues are recognized when they become available. In this case, available means when due, or past due and receivable within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Tax collections expected to be received subsequent to the 60-day availability period are reported as deferred inflows of resources. All other revenues of the District are recorded on the accrual basis in all funds.

The District reports deferred inflows of resources on its balance sheet. Deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when revenue recognition criteria are met, the liability for deferred inflows is removed from the balance sheet and revenue is recognized.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

Budgets and Budgetary Accounting - A budget was adopted on September 5, 2017, for the General Fund on a basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. The budget was not amended during the fiscal year.

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

Cash and Cash Equivalents – Includes cash on deposit as well as investments with maturities of three months or less. The investments, consisting of common trust funds, money market funds, and obligations in the State Treasurer’s Investment Pool, are recorded at amortized cost.

Investments - Investments, consisting of United States treasury instruments, certificates of deposit and obligations in the State Treasurer’s Investment Pool are recorded at amortized cost.

Capital Assets - Capital assets, which includes Land, Common and Recreation Areas, Water System, Wastewater System and Water Quality/Detention Ponds are reported in the government-wide column in the Statement of Net Position. Public domain (“infrastructure”) capital assets including water, wastewater and drainage systems, are capitalized. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated acquisition value at the time received. Interest incurred during construction of capital facilities is not capitalized.

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

<u>Asset</u>	<u>Years</u>
Common and Recreation Areas	5 - 30
Water/Wastewater/Drainage System	10 - 50

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

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

1. SIGNIFICANT ACCOUNTING POLICIES (continued) –

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

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

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

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

- **Nonspendable:** amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.
- **Restricted:** amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.
- **Committed:** amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.
- **Assigned:** amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has assigned \$24,838 of its General Fund fund balance and \$2,103,472 of its Special Revenue Fund fund balance to cover projected 2019 budget deficits.
- **Unassigned:** all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

2. RECONCILIATION OF THE GOVERNMENTAL FUNDS -

Adjustments to convert the Governmental Funds Balance Sheet to the Statement of Net Position are as follows:

Fund Balances - Total Governmental Funds		\$ 11,459,426
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds -		
Deferred charges on bond refunding	3,324,209	
Less: Accumulated amortization	<u>(1,801,541)</u>	1,522,668
Intangible assets	7,393,950	
Less: Accumulated amortization	<u>(5,833,005)</u>	1,560,945
Capital assets	83,351,392	
Less: Accumulated depreciation	<u>(17,350,139)</u>	66,001,253
Prepaid bond insurance premium, net		82,234
Revenue is recognized when earned in the government-wide statements, regardless of availability. Governmental funds report deferred revenue for revenues earned but not available		10
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds -		
Bonds payable	(80,315,000)	
Bond (premium)/discount, net	<u>(1,013,370)</u>	(81,328,370)
Accrued interest		(274,392)
Net Position - Governmental Activities		<u><u>\$ (976,226)</u></u>

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

Net Change in Fund Balances - Governmental Funds		\$ 2,068,448
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report -		
Capital expenditures in period purchased	13,791,136	
Bond principal in year paid	2,480,000	
Interest expenditures in year paid	(63,856)	
Bond proceeds and discount as other financing source/(use)	(17,160,327)	
Bond insurance premium in year paid	<u>85,500</u>	(867,547)
Governmental funds do not report -		
Depreciation	(1,851,327)	
Amortization	<u>(249,731)</u>	(2,101,058)
Change in Net Position - Governmental Activities		<u><u>\$ (900,157)</u></u>

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

3. CASH AND INVESTMENTS

The investment policies of the District are governed by State statute and an adopted District investment policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's investment policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third party trustees.

Cash - At September 30, 2018, the carrying amount of the District's deposits was \$140,377 and the bank balance was \$128,416. The bank balance was covered by federal depository insurance and other pledged collateral.

Investments -

Interest rate risk. In accordance with its investment policy, the District manages its exposure to declines in fair values through investment diversification and limiting investments as follows:

- Money market mutual funds are required to have weighted average maturities of 90 days or fewer; and
- Other mutual fund investments are required to have weighted average maturities of less than two years.

Credit risk. The District's investment policy requires the application of the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, and considering the probable safety of their capital as well as the probable income to be derived. The District's investment policy requires that District funds be invested in:

- Obligations of the United States Government and/or its agencies and instrumentalities;
- Money market mutual funds with investment objectives of maintaining a stable net asset value of \$1 per share;
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency; and
- Securities issued by a State or local government or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and
- Public funds investment pools rated AAA or AAA-m by a nationally recognized rating agency.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

3. CASH AND INVESTMENTS (continued) –

At September 30, 2018, the District held the following investments:

Investment	Fair Value at 9/30/2018	Governmental Fund				Investment Rating	
		General	Special Revenue	Debt Service	Capital Projects	Rating	Rating Agency
		Unrestricted	Restricted (1)	Restricted (2)	Restricted (3)		
U.S. Gov. MM	\$ 2,547,491	\$ -	\$ -	\$ 2,547,491	\$ -	AAAm	Standard & Poors
Money Market	1,056,392	169,483	886,909	-	-	Various	Various
State Investment Pool	8,444,417	1,729,359	2,676,453	2,280,550	1,758,055	AAAm	Standard & Poors
	<u>\$ 12,048,300</u>	<u>\$ 1,898,842</u>	<u>\$ 3,563,362</u>	<u>\$ 4,828,041</u>	<u>\$ 1,758,055</u>		

(1) Restricted for Payment of Master District Activities including Operations and Debt Service.

(2) Restricted for Payment of Debt Service and Cost of Assessing and Collecting Taxes.

(3) Restricted for Purchase of Capital Assets.

The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets the criteria established in GASB Statement No. 79 and measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

Concentration of credit risk. In accordance with the District's investment policy, investments in individual securities are to be limited to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. As of September 30, 2018, the District did not own any investments in individual securities.

Custodial credit risk-deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The government's investment policy requires that the District's deposits be fully insured by FDIC insurance or collateralized with Obligations of the United States or its agencies and instrumentalities. As of September 30, 2018, the District's bank deposits were covered by FDIC insurance and other pledged collateral.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

4. PROPERTY TAXES

Property taxes attach as an enforceable lien on January 1. Taxes are levied on or about October 1, are due on November 1, and are past due the following February 1. The Travis Central Appraisal District established appraisal values in accordance with requirements of the Texas Legislature. The District levies taxes based upon the appraised values. The Travis County Tax Assessor Collector bills and collects the District's property taxes. The Board of Directors set tax rates for the 2017 tax year on September 5, 2017.

The property tax rates, established in accordance with state law, were based on 100% of the net assessed valuation of real property within the District on the 2017 tax roll. The tax rate, based on total taxable assessed valuation of \$103,778,774 was \$0.7296 on each \$100 valuation and was allocated as follows:

	<u>Tax Rate</u>
General Fund	\$ 0.2801
Special Revenue Fund	0.3500
Debt Service Fund	0.0995
	<u><u>\$ 0.7296</u></u>

The maximum allowable maintenance tax of \$1.00 was established by the voters on November 7, 1995.

Property taxes receivable at September 30, 2018, consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Current year levy	\$ -	\$ -	\$ -	\$ -
Prior years' levies	1	9	-	10
	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 10</u>

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

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

5. CONTRACT TAXES

At an election held November 7, 1995, voters authorized a contract tax on all property within the District subject to taxation. During the year ended September 30, 2018, the District levied an ad valorem tax at the rate of \$0.35 per \$100 of assessed valuation, which resulted in a tax levy of \$363,226 on taxable valuation of \$103,778,774 for the 2017 tax year. This contract tax was used to pay for its pro rata share of interest on Travis County Municipal Utility District No. 4's bonds as well as for operations and maintenance costs and reserve requirements on Master District Facilities as described in Note 9.

6. INTERFUND ACCOUNTS

A summary of interfund accounts at September 30, 2018, is as follows:

	Interfund	
	Receivables	Payables
General Fund -		
Special Revenue Fund - Participant	\$ -	\$ 559,163
Debt Service Fund - Participant	834	-
Special Revenue Fund -		
General Fund	559,163	-
Special Revenue Fund - Master	120,604	-
Special Revenue Fund - Participant	-	120,604
Debt Service Fund - Master	90,886	-
Debt Service Fund - Participant	1,750	210
Capital Projects Fund - Master	34,154	-
Debt Service Fund -		
General Fund	-	834
Special Revenue Fund - Master	-	90,886
Special Revenue Fund - Participant	210	1,750
Capital Projects Fund	-	413
Capital Projects Fund -		
Special Revenue Fund - Master	-	34,154
Debt Service Fund - Master	413	-
	<u>\$ 808,014</u>	<u>\$ 808,014</u>

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

7. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 10/1/2017	Additions	Deletions	Balance 9/30/2018
Capital assets not being depreciated:				
Land	\$ 372,733	\$ -	\$ -	\$ 372,733
Construction in Progress	918,954	523,486	-	1,442,440
	<u>1,291,687</u>	<u>523,486</u>	<u>-</u>	<u>1,815,173</u>
Capital assets being depreciated:				
Water/Wastewater/Drainage System	68,268,569	13,267,650	-	81,536,219
Total capital assets being depreciated	<u>68,268,569</u>	<u>13,267,650</u>	<u>-</u>	<u>81,536,219</u>
Less accumulated depreciation for:				
Water/Wastewater/Drainage System	(15,498,812)	(1,851,327)	-	(17,350,139)
Total accumulated depreciation	<u>(15,498,812)</u>	<u>(1,851,327)</u>	<u>-</u>	<u>(17,350,139)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>52,769,757</u>	<u>11,416,323</u>	<u>-</u>	<u>64,186,080</u>
Total capital assets, net	<u>\$ 54,061,444</u>	<u>\$ 11,939,809</u>	<u>\$ -</u>	<u>\$ 66,001,253</u>

8. BONDED DEBT

The following is a summary of bond transactions of the District for the year ended September 30, 2018:

	Combination Unlimited Tax Bonds
Bonds payable at October 1, 2017	\$ 65,560,000
Bonds issued	17,235,000
Bonds refunded	-
Bonds retired	(2,480,000)
Subtotal	<u>80,315,000</u>
Less: Unamortized premium/discount, net	1,013,370
Bonds payable at September 30, 2018	<u>\$ 81,328,370</u>

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

8. BONDED DEBT (continued) -

Bonds payable at September 30, 2018, were comprised of the following individual issues:

Unlimited Contract Tax Bonds:

\$5,755,000 – 2015A Unlimited Contract Tax Bonds (Master District) are paid serially through the year 2039 at interest rates which range from 2.00% - 3.75%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing after 9/01/2022 in whole or from time to time in part, on September 1, 2021 or any date thereafter. Term bonds maturing on 9/01/2027, 9/1/2033 and 9/1/2037 are subject to mandatory sinking fund requirements.

\$13,775,000 – 2016A Unlimited Contract Tax Bonds (Master District) are paid serially through the year 2040 at interest rates which range from 2.00% - 3.00%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing after 9/01/2024 in whole or from time to time in part, on September 1, 2023 or any date thereafter. Term bonds maturing on 9/01/2031, 9/1/2035, 9/1/2037 and 9/1/2040 are subject to mandatory sinking fund requirements.

\$16,945,000 – 2017A Unlimited Contract Tax Bonds (Master District) are paid serially through the year 2041 at interest rates which range from 2.00% - 3.50%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing after 9/01/2025 in whole or from time to time in part, on September 1, 2024 or any date thereafter.

Refunding Bonds:

\$795,000 – 2007 Unlimited Contract Tax Refunding Bonds (Participant District) are paid serially through the year 2024 at interest rates which range from 4.25% to 4.60%. Bonds maturing on 9/01/2014 to 9/01/2024 are callable in whole or in part on any date beginning 9/01/2013 at par.

\$3,900,000 – 2011 Unlimited Contract Tax Refunding Bonds (Master District) are paid serially through the year 2027 at interest rates which range from 3.00% to 4.00%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing on or after September 1, 2019, in whole or from time to time in part, on September 1, 2018 or any date thereafter.

\$6,295,000 – 2012 Unlimited Contract Tax Refunding Bonds (Master District) are paid serially through the year 2028 at an interest rate of 3.25%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing on or after September 1, 2020, in whole or from time to time in part, on September 1, 2019 or any date thereafter.

\$9,385,000 – 2013 Unlimited Contract Tax Refunding Bonds (Master District) are paid serially through the year 2032 at interest rates which range from 2.00% to 3.50%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing on or after September 1, 2020, in whole or from time to time in part, on September 1, 2019 or any date thereafter.

\$5,405,000 – 2014 Unlimited Contract Tax Refunding Bonds (Master District) are paid serially through the year 2033 at interest rates which range from 3.00% to 3.75%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing on or after September 1, 2027, in whole or from time to time in part, on September 1, 2020 or any date thereafter. Term bonds maturing on 9/01/2027 are subject to mandatory sinking fund requirements.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

8. BONDED DEBT (continued) -

Refunding Bonds:

\$2,830,000 – 2015 Unlimited Contract Tax Refunding Bonds (Master District) are paid serially through the year 2030 at interest rates which range from 2.00% to 3.25%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing on or after September 1, 2024, in whole or from time to time in part, on September 1, 2021 or any date thereafter. Term bonds maturing on 9/01/2024 and 9/1/2027 are subject to mandatory sinking fund requirements.

\$9,455,000 – 2016 Unlimited Contract Tax Refunding Bonds (Master District) are paid serially through the year 2035 at interest rates which range from 2.00% to 4.00%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing on or after September 1, 2023, in whole or from time to time in part, on September 1, 2022 or any date thereafter. Term bonds maturing on 9/01/2023 and 9/1/2032 are subject to mandatory sinking fund requirements.

\$5,775,000 – 2017 Unlimited Contract Tax Refunding Bonds (Master District) are paid serially through the year 2037 at interest rates which range from 2.00% to 4.00%. The Master District reserves the right to redeem, prior to maturity, those bonds maturing on or after September 1, 2025, in whole or from time to time in part, on September 1, 2024 or any date thereafter. Term bonds maturing on 9/01/2036 are subject to mandatory sinking fund requirements.

The unlimited contract tax bonds and refunding bonds are secured by and payable from a first lien and pledge of ad valorem taxes of the District. The annual requirement to amortize all bonded debt at September 30, 2018, including interest, is as follows:

Year Ended September 30,	Principal	Interest	Total
2019	\$ 2,745,000	\$ 2,586,294	\$ 5,331,294
2020	2,875,000	2,511,132	5,386,132
2021	2,770,000	2,432,519	5,202,519
2022	2,900,000	2,358,099	5,258,099
2023	2,950,000	2,278,041	5,228,041
2024 - 2028	16,025,000	10,028,416	26,053,416
2029 - 2033	19,095,000	7,328,358	26,423,358
2034 - 2038	22,405,000	3,752,518	26,157,518
2039 - 2041	8,550,000	437,901	8,987,901
	\$ 80,315,000	\$ 33,713,278	\$ 114,028,278

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

8. BONDED DEBT (continued) –

Principal and interest on the bonds are payable from and secured by an unconditional obligation to make certain payments by the participating districts in the applicable service area pursuant to the contracts described in Note 9. The participants have each agreed to pay a pro rata share of the debt service of the bonds based on the certified assessed valuation of each participant as a percentage of the total assessed valuation of all participating districts.

In accordance with the regional contracts described in Note 9, the District shall calculate and bill on or before September 1 of each year, or as soon thereafter as practical, the amount of contract tax payments from each participant for the following year. The contract tax payments are payable by the participants semiannually, on April 1 and October 1 of each year, for the June 1 and December 1 debt service requirements. The following is a summary of the participants and their initial assessed valuations and anticipated contract tax payments for the year ended September 30, 2019:

	Initial Assessed Valuation	2018 Contract Tax Payment Due
Travis County Municipal Utility District No. 3	\$ 705,770,775	\$ 2,700,210
Travis County Municipal Utility District No. 4	79,723,722	305,015
Travis County Municipal Utility District No. 5	282,093,605	1,079,262
Travis County Municipal Utility District No. 6	167,987,487	642,704
Travis County Municipal Utility District No. 7	1,646,625	6,300
Travis County Municipal Utility District No. 8	113,138,796	432,858
Travis County Municipal Utility District No. 9	3,830,643	14,656
	<u>\$ 1,354,191,653</u>	<u>\$ 5,181,004</u>

\$4,734,368 is available in the Debt Service Fund to service the bonded debt. Tax bonds authorized but not issued amounted to \$6,915,000 at September 30, 2018 for the participating district.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

9. FINANCING AND OPERATION OF REGIONAL FACILITIES

The District entered into regional contracts whereby the District agreed to provide or cause to be provided the regional water supply and delivery facilities and the regional waste collection, treatment, and disposal facilities necessary to serve the participating districts. The contracts are as follows:

<u>District</u>	<u>Date of Agreement</u>
Travis County Municipal Utility District No. 3	September 22, 1995
Travis County Municipal Utility District No. 4	September 21, 1995
Travis County Municipal Utility District No. 5	September 18, 1995
Travis County Municipal Utility District No. 6	September 21, 1995
Travis County Municipal Utility District No. 7	September 19, 1995
Travis County Municipal Utility District No. 8	September 20, 1995
Travis County Municipal Utility District No. 9	September 21, 1995

Master District Service Fees

The Master District charges service fees that are based on an annual budget and provides for all Master District operation and maintenance costs and a three-month operation and maintenance reserve. The Master District currently has two wholesale customers that pay service fees according to contracted agreements. Service fees charged to other participants are calculated using accounting estimates based upon actual flows and assigned living unit equivalents (LUE's). Revenues billed and collected by the Master District for each participant district are offset against allocated service fees.

During the current fiscal year, the District was charged \$195,468 for its allocated Master District operation and maintenance expenditures and reserve requirements. Additionally, the District received a credit of \$8,499 for its capital reserve requirements to fund construction of certain projects in the next fiscal year.

Master District Debt Service Expenditures

The Master District is authorized to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities as needed to serve all districts in the service area. Each participating district contributes to the payment of debt service requirements of the bonds based on the certified assessed valuation of each participant as a percentage of the total assessed valuation of all participating districts. During the current fiscal year, the District was billed \$198,404 to satisfy the District's pro rata share of the principal and interest on the Master District's bonds.

The District's pro rata share of future Master District debt service payments will vary from year to year based on annual assessed valuations established by the Travis Central Appraisal District for all of the Districts. For the fiscal year ending September 30, 2019, the District's pro rata share is currently expected to approximate 5.9% of the total Master District debt service payments.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

9. FINANCING AND OPERATION OF REGIONAL FACILITIES (continued)

Transaction Summary

Transactions for the year ended September 30, 2018, are summarized as follows:

	Receivable/ (Payable) Balance, 10/1/2017	Current Fiscal Year Billings/ (Credits)	Capital Reserve Billings/ (Credits)	Participant District Expenses	Receivable/ (Payable) Balance, 9/30/2018
Travis County M.U.D. No. 3	\$ (126,822)	\$ (1,150,482)	\$ 411,491	\$ 171,644	\$ (694,169)
Travis County M.U.D. No. 4	(166,573)	195,468	(8,499)	37,545	57,941
Travis County M.U.D. No. 5	100,412	(463,101)	226,870	19,198	(116,621)
Travis County M.U.D. No. 6	(406,015)	(226,156)	77,197	5,549	(549,425)
Travis County M.U.D. No. 7	73,413	6,082	605	-	80,100
Travis County M.U.D. No. 8	681,449	(118,277)	84,083	29,565	676,820
Travis County M.U.D. No. 9	69,832	(1,198)	2,038	84	70,756
	<u>\$ 225,696</u>	<u>\$ (1,757,664)</u>	<u>\$ 793,785</u>	<u>\$ 263,585</u>	<u>\$ (474,598)</u>

10. WATER CONTRACT

The Master District has contracted with the Lower Colorado River Authority to purchase water for municipal purposes until October 31, 2021 and water for irrigation purposes until June 26, 2023.

11. ECONOMIC DEPENDENCY

The Participant District is substantially dependent upon one customer for continuing operations.

12. COMMITMENTS AND CONTINGENCIES

The developers of the land within the District have incurred costs for construction of facilities, as well as costs pertaining to the creation and operation of the District. Claims for reimbursement of construction costs and operational advances will be evaluated upon receipt of adequate supporting documentation and proof of contractual obligation. Such costs may be reimbursable to the developer by the District from proceeds of future District bond issues, subject to approval by the Texas Commission on Environmental Quality, or from operations. On November 7, 1995, a bond election held within the District approved authorization to issue \$8,850,000 of participant district bonds to fund costs of proposed works, improvements, facilities, plants, equipment, appliances and non-construction costs based upon the District's engineer's report. As of September 30, 2018, the District has issued \$1,935,000 of Unlimited Tax Bonds to reimburse developers.

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

13. RISK MANAGEMENT

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

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

14. DEFICIT - NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets had a deficit balance of \$10,513,465 at September 30, 2018. This is primarily attributable to capitalized interest, bond proceeds transferred to the General Fund, bond issuance costs and depreciation/amortization expense associated with the District's bond issues.

15. SUBSEQUENT EVENT – BOND SALE

Subsequent to year-end, the District will issue \$8,000,000 of Unlimited Contract Tax Bonds, Series 2019. Proceeds from the bonds will be used to reimburse developers within the District for certain water and wastewater facilities. The transaction is expected to close on February 26, 2019.

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**REQUIRED
SUPPLEMENTARY INFORMATION**

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SEPTEMBER 30, 2018**

	Actual	Original and Final Budget	Variance Positive (Negative)
REVENUES:			
Property taxes, including penalties	\$ 157,222	\$ 347,543	\$ (190,321)
Interest	27,494	9,000	18,494
Inspection fees	16,780	-	16,780
TOTAL REVENUES	<u>201,496</u>	<u>356,543</u>	<u>(155,047)</u>
EXPENDITURES:			
Current:			
Repairs/maintenance	55,203	48,000	(7,203)
Operations/management fees	4,297	4,800	503
Inspection fees	8,500	-	(8,500)
Legal fees	41,658	36,000	(5,658)
Audit fees	11,125	12,250	1,125
Accounting fees	18,000	18,000	-
Other consulting fees	864	1,000	136
Insurance	400	-	(400)
Tax appraisal/collection	1,928	2,300	372
Public notice	-	1,000	-
Other	-	6,000	6,000
TOTAL EXPENDITURES	<u>141,975</u>	<u>129,350</u>	<u>(13,625)</u>
NET CHANGE IN FUND BALANCE	59,521	<u>\$ 227,193</u>	<u>\$ (167,672)</u>
FUND BALANCE :			
Beginning of the year	<u>1,305,374</u>		
End of the year	<u>\$ 1,364,895</u>		

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
COMBINING GOVERNMENTAL
FUNDS BALANCE SHEET -
SPECIAL REVENUE FUND
SEPTEMBER 30, 2018**

	Master District	Participating District	Total
<u>ASSETS</u>			
Cash and cash equivalents -			
Cash	\$ 105,872	\$ -	\$ 105,872
Cash equivalents	3,551,601	11,761	3,563,362
Receivables -			
Water, wastewater and water quality fees, net of allowance for doubtful accounts of \$ -0-	874,369	-	874,369
Property tax revenues, including penalties	-	9	9
Interfund	305,536	501,021	806,557
Prepaid Lease/Deferred Rent	23,833	-	23,833
Other	6,768	-	6,768
TOTAL ASSETS	\$ 4,867,979	\$ 512,791	\$ 5,380,770
<u>LIABILITIES</u>			
Accounts payable	\$ 567,774	\$ -	\$ 567,774
Retainage payable	25,570	-	25,570
Refundable deposits	633,626	-	633,626
Interfund payable	120,604	210	120,814
Intergovernmental payable	402,853	-	402,853
TOTAL LIABILITIES	1,750,427	210	1,750,637
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes	-	9	9
TOTAL DEFERRED INFLOWS OF RESOURCES	-	9	9
<u>FUND BALANCE</u>			
Restricted for Contracted Master District expenditures	1,014,080	512,572	1,526,652
Assigned for 2019 budget deficit	2,103,472	-	2,103,472
TOTAL FUND BALANCE	3,117,552	512,572	3,630,124
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 4,867,979	\$ 512,791	\$ 5,380,770

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
COMBINING GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
SPECIAL REVENUE FUND
SEPTEMBER 30, 2018**

	Master District	Participating District	Total
REVENUES -			
Water, wastewater, and water quality fees, including penalties	\$ 4,176,511	\$ -	\$ 4,176,511
Tap connection fees	76,680	-	76,680
Property tax revenues, including penalties	-	196,666	196,666
Interest	36,252	1,462	37,714
Miscellaneous	38,762	-	38,762
TOTAL REVENUES	4,328,205	198,128	4,526,333
EXPENDITURES -			
Current -			
Contracted Master District services	-	385,373	385,373
Water purchases	529,329	-	529,329
Repairs and maintenance	485,951	-	485,951
Operations/management	367,152	-	367,152
Utilities and telephone	588,913	-	588,913
Sludge hauling	87,498	-	87,498
Chemicals and lab fees	186,280	-	186,280
Lease expenditures	207,667	-	207,667
Permit fees	5,449	-	5,449
Security services	16,584	-	16,584
Landscape services	179,631	-	179,631
Director fees, including payroll taxes	8,720	-	8,720
Legal fees	39,656	-	39,656
Engineering fees	256,359	-	256,359
Accounting fees	78,000	-	78,000
Audit fees	16,625	-	16,625
Tax appraisal/collection fees	-	2,409	2,409
Other consulting fees	18,580	1,079	19,659
Insurance	63,020	-	63,020
Miscellaneous	26,861	-	26,861
Capital outlay	612,288	-	612,288
TOTAL EXPENDITURES	3,774,563	388,861	4,163,424
Excess/(deficiency) of revenues over expenditures	553,642	(190,733)	362,909
OTHER FINANCING SOURCES/(USES) -			
Bond proceeds	1,006,383	-	1,006,383
Intergovernmental contributions	(1,025,755)	-	(1,025,755)
Operating Transfer	283,950	-	283,950
TOTAL OTHER FINANCING SOURCES/(USES)	264,578	-	264,578
NET CHANGE IN FUND BALANCES	818,220	(190,733)	627,487
FUND BALANCE -			
Beginning of Year	2,299,332	703,305	3,002,637
End of year	\$ 3,117,552	\$ 512,572	\$ 3,630,124

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
COMBINING BUDGETARY COMPARISON SCHEDULE -
SPECIAL REVENUE FUND
SEPTEMBER 30, 2018**

	Master District		Variance Favorable (Unfavorable)
	Actual	Budget	
REVENUES -			
Water, wastewater, and water quality fees, including penalties	\$ 4,176,511	\$ 3,629,000	\$ 547,511
Tap connection fees	76,680	42,000	34,680
Property tax revenues, including penalties	-	-	-
Interest	36,252	1,200	35,052
Miscellaneous	38,762	29,760	9,002
TOTAL REVENUES	<u>4,328,205</u>	<u>3,701,960</u>	<u>626,245</u>
EXPENDITURES -			
Current -			
Contracted Master District services	-	-	-
Water purchases	529,329	625,640	96,311
Repairs and maintenance	485,951	707,400	221,449
Operations/management	367,152	393,160	26,008
Utilities and telephone	588,913	691,480	102,567
Sludge hauling	87,498	144,000	56,502
Chemicals and lab fees	186,280	168,600	(17,680)
Lease expenditures	207,667	192,000	(15,667)
Permit fees	5,449	5,970	521
Security services	16,584	16,584	-
Landscape services	179,631	164,400	(15,231)
Director fees	8,720	12,150	3,430
Legal fees	39,656	72,000	32,344
Engineering fees	256,359	240,000	(16,359)
Accounting fees	78,000	78,000	-
Audit fees	16,625	19,000	2,375
Tax appraisal/collection fees	-	-	-
Other consulting fees	18,580	25,000	6,420
Insurance	63,020	67,000	3,980
Miscellaneous	26,861	26,400	(461)
Capital outlay	612,288	1,515,000	902,712
TOTAL EXPENDITURES	<u>3,774,563</u>	<u>5,163,784</u>	<u>1,389,221</u>
Excess/(deficiency) of revenues over expenditures	<u>553,642</u>	<u>(1,461,824)</u>	<u>2,015,466</u>
OTHER FINANCING USES -			
Bond proceeds	1,006,383	-	1,006,383
Intergovernmental contributions	(1,025,755)	-	(1,025,755)
Operating Transfer	283,950	-	283,950
TOTAL OTHER FINANCING USES	<u>264,578</u>	<u>-</u>	<u>264,578</u>
NET CHANGE IN FUND BALANCES	818,220	<u>\$ (1,461,824)</u>	<u>\$ 2,280,044</u>
Fund balance, beginning of year	<u>2,299,332</u>		
Fund balance, end of year	<u>\$ 3,117,552</u>		

Participating District			Total		
Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 4,176,511	\$ 3,629,000	\$ 547,511
-	-	-	76,680	42,000	34,680
196,666	-	196,666	196,666	-	196,666
1,462	-	1,462	37,714	1,200	36,514
-	-	-	38,762	29,760	9,002
<u>198,128</u>	<u>-</u>	<u>198,128</u>	<u>4,526,333</u>	<u>3,701,960</u>	<u>824,373</u>
385,373	-	(385,373)	385,373	-	(385,373)
-	-	-	529,329	625,640	96,311
-	-	-	485,951	707,400	221,449
-	-	-	367,152	393,160	26,008
-	-	-	588,913	691,480	102,567
-	-	-	87,498	144,000	56,502
-	-	-	186,280	168,600	(17,680)
-	-	-	207,667	192,000	(15,667)
-	-	-	5,449	5,970	521
-	-	-	16,584	16,584	-
-	-	-	179,631	164,400	(15,231)
-	-	-	8,720	12,150	3,430
-	-	-	39,656	72,000	32,344
-	-	-	256,359	240,000	(16,359)
-	-	-	78,000	78,000	-
-	-	-	16,625	19,000	2,375
2,409	-	(2,409)	2,409	-	(2,409)
1,079	-	(1,079)	19,659	25,000	5,341
-	-	-	63,020	67,000	3,980
-	-	-	26,861	26,400	(461)
-	-	-	612,288	1,515,000	902,712
<u>388,861</u>	<u>-</u>	<u>(388,861)</u>	<u>4,163,424</u>	<u>5,163,784</u>	<u>1,000,360</u>
(190,733)	-	(190,733)	362,909	(1,461,824)	1,824,733
-	-	-	1,006,383	-	1,006,383
-	-	-	(1,025,755)	-	(1,025,755)
-	-	-	283,950	-	283,950
<u>-</u>	<u>-</u>	<u>-</u>	<u>264,578</u>	<u>-</u>	<u>264,578</u>
(190,733)	\$ -	\$ (190,733)	627,487	\$ (1,461,824)	\$ 2,089,311
<u>703,305</u>			<u>3,002,637</u>		
<u>\$ 512,572</u>			<u>\$ 3,630,124</u>		

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
COMBINING GOVERNMENTAL
FUNDS BALANCE SHEET -
DEBT SERVICE FUND
SEPTEMBER 30, 2018**

<u>ASSETS</u>	Master District	Participating District	Total
Cash and cash equivalents -			
Cash	\$ -	\$ -	\$ -
Cash equivalents	2,163,911	116,639	2,280,550
Investments	2,547,491	-	2,547,491
Receivables -			
Interfund	-	210	210
TOTAL ASSETS	<u>\$ 4,711,402</u>	<u>\$ 116,849</u>	<u>\$ 4,828,251</u>
<u>LIABILITIES</u>			
Interfund payable	\$ 91,299	\$ 2,584	\$ 93,883
TOTAL LIABILITIES	<u>91,299</u>	<u>2,584</u>	<u>93,883</u>
<u>FUND BALANCE</u>			
Restricted for debt service	4,620,103	114,265	4,734,368
TOTAL FUND BALANCE	<u>4,620,103</u>	<u>114,265</u>	<u>4,734,368</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,711,402</u>	<u>\$ 116,849</u>	<u>\$ 4,828,251</u>

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
COMBINING GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
DEBT SERVICE FUND
SEPTEMBER 30, 2018**

	Master District	Participating District	Total
REVENUES -			
Property tax revenues, including penalties	\$ -	\$ 56,076	\$ 56,076
Interest	97,189	3,916	101,105
TOTAL REVENUES	<u>97,189</u>	<u>59,992</u>	<u>157,181</u>
EXPENDITURES -			
Current -			
Tax appraisal/collection fees	-	685	685
Other consulting fees	-	307	307
Debt service -			
Bond principal	2,370,000	110,000	2,480,000
Bond interest	2,512,170	39,910	2,552,080
Fiscal agent fees and other	1,800	400	2,200
Arbitrage review	500	-	500
Bond issuance costs	-	-	-
TOTAL EXPENDITURES	<u>4,884,470</u>	<u>151,302</u>	<u>5,035,772</u>
Excess/(deficiency) of revenues over expenditures	<u>(4,787,281)</u>	<u>(91,310)</u>	<u>(4,878,591)</u>
OTHER FINANCING SOURCES / (USES) -			
Proceeds from bond sale	362,390	-	362,390
Intergovernmental contributions	4,590,404	-	4,590,404
TOTAL OTHER FINANCING SOURCES / (USES)	<u>4,952,794</u>	<u>-</u>	<u>4,952,794</u>
NET CHANGE IN FUND BALANCES	165,513	(91,310)	74,203
FUND BALANCE -			
Beginning of year	<u>4,454,590</u>	<u>205,575</u>	<u>4,660,165</u>
End of year	<u>\$ 4,620,103</u>	<u>\$ 114,265</u>	<u>\$ 4,734,368</u>

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
COMBINING GOVERNMENTAL
FUNDS BALANCE SHEET -
CAPITAL PROJECTS FUND
SEPTEMBER 30, 2018**

	Master District	Participating District	Total
<u>ASSETS</u>			
Cash and cash equivalents -			
Cash	\$ -	\$ -	\$ -
Cash equivalents	1,758,055	-	1,758,055
Receivables -			
Interfund	413	-	413
Prepaid expenditures	5,725	-	5,725
	TOTAL ASSETS	\$ -	\$ 1,764,193
<u>LIABILITIES</u>			
Interfund payable	\$ 34,154	\$ -	\$ 34,154
	TOTAL LIABILITIES	-	34,154
<u>FUND BALANCE</u>			
Restricted for authorized construction	1,730,039	-	1,730,039
	TOTAL FUND BALANCE	-	1,730,039
	TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$ 1,764,193

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
COMBINING GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
CAPITAL PROJECTS FUND
SEPTEMBER 30, 2018**

	Master District	Participating District	Total
REVENUES -			
Interest	\$ 25,944	\$ -	\$ 25,944
TOTAL REVENUES	<u>25,944</u>	<u>-</u>	<u>25,944</u>
EXPENDITURES -			
Capital outlay	13,178,848	-	13,178,848
Bond issuance costs	1,047,463	-	1,047,463
TOTAL EXPENDITURES	<u>14,226,311</u>	<u>-</u>	<u>14,226,311</u>
Excess/(deficiency) of revenues over expenditures	<u>(14,200,367)</u>	<u>-</u>	<u>(14,200,367)</u>
OTHER FINANCING SOURCES/(USES) -			
Bond Proceeds	15,866,227	-	15,866,227
Bond Discount	(74,673)	-	(74,673)
Operating transfer	(283,950)	-	(283,950)
TOTAL OTHER FINANCING SOURCES/(USES)	<u>15,507,604</u>	<u>-</u>	<u>15,507,604</u>
NET CHANGE IN FUND BALANCES	1,307,237	-	1,307,237
FUND BALANCE -			
Beginning of year	<u>422,802</u>	<u>-</u>	<u>422,802</u>
End of year	<u>\$ 1,730,039</u>	<u>\$ -</u>	<u>\$ 1,730,039</u>

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**TEXAS
SUPPLEMENTARY INFORMATION**

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**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
TSI-1. SERVICES AND RATES
SEPTEMBER 30, 2018**

1. Services Provided by the District during the Fiscal Year:

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Retail Water | <input checked="" type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input checked="" type="checkbox"/> Wholesale Wastewater | <input checked="" type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other (specify): _____ | | |

2. Retail Service Providers

a. Retail Rates Based on 5/8" Meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	\$ 20.00	2,000	N	\$ 2.70	2,001 to 20,000
				\$ 3.00	20,001 to 50,000
				\$ 3.25	50,001 to 100,000
				\$ 3.75	100,001 to 150,000
				\$ 4.50	150,001 to unlimited
WASTEWATER:	\$ 36.00	2,000	N	\$ 2.90	2,001 to Winter Average
SURCHARGE:	\$ -	-	-	\$ -	

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 41.60 Wastewater \$ 59.20

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC's
Unmetered	1.0	1.0	1.0	1.0
≤ 3/4"	32.0	32.0	1.0	32.0
1"	1.0	1.0	2.5	2.5
1 1/2"	0.0	3.0	5.0	15.0
2"	3.0	4.0	8.0	32.0
3"	4.0	6.0	15.0	90.0
4"	1.0	1.0	25.0	25.0
6"	1.0	1.0	50.0	50.0
8"	6.0	3.0	80.0	240.0
10"	0.0	0.0	115.0	0.0
Total Water	49.0	52.0		487.5
Total Wastewater	188.0	188.0	1.0	188.0

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

Gallons pumped into system: _____ 955,210

Gallons billed to customers: _____ 807,940

Water Accountability Ratio (Gallons billed / Gallons Pumped) 84.6%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District assess standby fees? Yes No

If yes, Date of the most recent Commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes No

If yes, Date of the most recent Commission Order: _____

5. Location of District

County(ies) in which district is located: _____ Travis

Is the District located entirely within one county? Yes No

Is the District located within a city? Entirely Partly Not at all

City(ies) in which district is located: _____ N/A

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJ's in which district is located: _____ Austin

Are Board members appointed by an office outside the district?

Yes No

If Yes, by whom? _____

⁽¹⁾ District services provided by Travis County M.U.D. No. 4 (Master District).

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
TSI-2. GENERAL FUND EXPENDITURES
SEPTEMBER 30, 2018**

Personnel Expenditures (including benefits)	\$	-
Professional Fees:		
Auditing		11,125
Legal		41,658
Engineering		-
Financial Advisor		-
Purchased Services For Resale:		
Bulk Water and Wastewater Purchases		-
Contracted Services:		
Bookkeeping		18,000
General Manager		4,297
Appraisal District		1,631
Tax Collector		297
Other Contracted Services		9,364
Utilities		-
Repairs and Maintenance		55,203
Administrative Expenditures:		
Directors' Fees		-
Office Supplies		-
Insurance		400
Other Administrative Expenditures		-
Capital Outlay:		
Capitalized Assets		-
Expenditures not Capitalized		-
Tap Connection Expenditures		-
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
TOTAL EXPENDITURES	\$	<u>141,975</u>

Number of persons employed by the District:

Full-Time

Part-Time

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
TSI-3. TEMPORARY INVESTMENTS
SEPTEMBER 30, 2018**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
General Fund -					
Money Market Account	XXX2695	Varies	N/A	\$ 169,483	\$ -
State Investment Pool	XXX0004	Varies	N/A	1,729,359	-
Total				1,898,842	-
Special Revenue Fund -					
State Investment Pool	XXX0001	Varies	N/A	2,664,692	-
Money Market Account	XXX2709	Varies	N/A	886,909	-
State Investment Pool	XXX0006	Varies	N/A	11,761	-
Total				3,563,362	-
Debt Service Fund -					
U. S. Government Money Market	XXX337.1	Varies	N/A	58,780	-
State Investment Pool	XXX0002	Varies	N/A	2,163,911	-
U. S. Government Money Market	XXX337.2	Varies	N/A	2,488,711	-
State Investment Pool	XXX0005	Varies	N/A	116,639	-
Total				4,828,041	-
Capital Projects Fund -					
State Investment Pool	XXX0013	Varies	N/A	646,798	-
State Investment Pool	XXX0014	Varies	N/A	539,442	-
State Investment Pool	XXX0015	Varies	N/A	571,815	-
Total				1,758,055	-
Total - All Funds				\$ 12,048,300	\$ -

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
TSI-4. TAXES LEVIED AND RECEIVABLE
SEPTEMBER 30, 2018**

	<u>Maintenance Taxes</u>	<u>Contract Taxes</u>	<u>Debt Service Taxes</u>	
Taxes Receivable, Beginning of Year	\$ 1	\$ 9	\$ -	
2017 Original Tax Levy, less abatements	346,704	433,226	123,160	
Adjustments	(56,020)	(70,000)	(19,900)	
Total to be accounted for	<u>290,684</u>	<u>363,226</u>	<u>103,260</u>	
Tax collections:				
Current year	290,683	363,217	103,260	
Prior years	-	-	-	
Total collections	<u>290,683</u>	<u>363,217</u>	<u>103,260</u>	
Taxes Receivable, End of Year	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ -</u>	
Taxes Receivable, By Years				
1997	\$ 1	\$ 9	\$ -	
2017	<u>-</u>	<u>-</u>	<u>-</u>	
Taxes Receivable, End of Year	<u>\$ 1</u>	<u>\$ 9</u>	<u>\$ -</u>	
Property Valuations:	<u>2017</u> (a)	<u>2016</u> (a)	<u>2015</u> (a)	<u>2014</u> (a)
Land and improvements	\$ 103,778,774	\$ 99,346,884	\$ 94,664,135	\$ 72,567,178
Personal Property	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Property Valuations	<u>\$ 103,778,774</u>	<u>\$ 99,346,884</u>	<u>\$ 94,664,135</u>	<u>\$ 72,567,178</u>
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.2801	\$ 0.2855	\$ 0.2724	\$ 0.1979
Contract tax rates	0.3500	0.3500	0.3500	0.3500
Debt Service tax rates	<u>0.0995</u>	<u>0.0941</u>	<u>0.1072</u>	<u>0.1817</u>
Total Tax Rates per \$100 Valuation:	<u>\$ 0.7296</u>	<u>\$ 0.7296</u>	<u>\$ 0.7296</u>	<u>\$ 0.7296</u>
Original Tax Levy	<u>\$ 757,170</u>	<u>\$ 724,835</u>	<u>\$ 690,670</u>	<u>\$ 529,448</u>
Percent of Taxes Collected to Taxes Levied **	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Maximum Maintenance Tax Rate Approved by Voters:	<u>\$ 1.00 on 11/7/1995.</u>			

**Calculated as taxes collected in current and previous years divided by tax levy.

(a) Valuations are provided by the appropriate Appraisal District. Due to various factors including tax protests and disputes, such valuations change over time; therefore, they may vary slightly from those disclosed in the District's bond offering documents or the District's annual bond disclosure filings.

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**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS - BY YEAR
SEPTEMBER 30, 2018**

Fiscal Year Ending	(Participant District) Unlimited Refunding Tax Bonds, SR 2007			(Master District) Unlimited Contract Tax Refunding Bonds, SR 2011			(Master District) Unlimited Contract Tax Refunding Bonds, SR 2012		
	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total
	09/01	03/01:09/01		09/01	03/01:09/01		09/01	03/01:09/01	
2019	\$ 115,000	\$ 35,290	\$ 150,290	\$ 495,000	\$ 128,080	\$ 623,080	\$ 850,000	\$ 204,588	\$ 1,054,588
2020	120,000	30,403	150,403	510,000	113,230	623,230	865,000	176,963	1,041,963
2021	130,000	25,153	155,153	530,000	97,930	627,930	520,000	148,850	668,850
2022	135,000	19,433	154,433	555,000	82,030	637,030	555,000	131,950	686,950
2023	145,000	13,425	158,425	570,000	65,380	635,380	255,000	113,913	368,913
2024	150,000	6,900	156,900	290,000	47,425	337,425	580,000	105,625	685,625
2025	-	-	-	305,000	38,000	343,000	615,000	86,775	701,775
2026	-	-	-	315,000	25,800	340,800	650,000	66,788	716,788
2027	-	-	-	330,000	13,200	343,200	685,000	45,663	730,663
2028	-	-	-	-	-	-	720,000	23,400	743,400
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>\$ 795,000</u>	<u>\$ 130,604</u>	<u>\$ 925,604</u>	<u>\$ 3,900,000</u>	<u>\$ 611,075</u>	<u>\$ 4,511,075</u>	<u>\$ 6,295,000</u>	<u>\$ 1,104,515</u>	<u>\$ 7,399,515</u>

Fiscal Year Ending	(Master District) Unlimited Contract Tax Refunding Bonds, SR 2013			(Master District) Unlimited Contract Tax Refunding Bonds, SR 2014			(Master District) Unlimited Contract Tax Refunding Bonds, SR 2015		
	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total
	09/01	03/01:09/01		09/01	03/01:09/01		09/01	03/01:09/01	
2019	\$ 95,000	\$ 296,994	\$ 391,994	\$ 210,000	\$ 182,788	\$ 392,788	\$ 25,000	\$ 91,100	\$ 116,100
2020	100,000	295,094	395,094	235,000	176,488	411,488	25,000	90,600	115,600
2021	325,000	293,094	618,094	30,000	169,438	199,438	25,000	90,100	115,100
2022	525,000	283,344	808,344	30,000	168,538	198,538	25,000	89,350	114,350
2023	545,000	267,594	812,594	30,000	167,638	197,638	25,000	88,600	113,600
2024	560,000	251,244	811,244	35,000	166,738	201,738	25,000	87,850	112,850
2025	550,000	234,444	784,444	35,000	165,688	200,688	30,000	87,100	117,100
2026	570,000	215,194	785,194	35,000	164,638	199,638	30,000	86,125	116,125
2027	615,000	195,244	810,244	35,000	163,588	198,588	40,000	85,150	125,150
2028	805,000	173,719	978,719	450,000	162,538	612,538	825,000	83,850	908,850
2029	1,275,000	149,569	1,424,569	840,000	149,038	989,038	860,000	57,038	917,038
2030	1,315,000	111,319	1,426,319	475,000	121,738	596,738	895,000	29,088	924,088
2031	1,380,000	70,225	1,450,225	960,000	106,300	1,066,300	-	-	-
2032	725,000	25,375	750,375	995,000	72,700	1,067,700	-	-	-
2033	-	-	-	1,010,000	37,875	1,047,875	-	-	-
2034	-	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-	-
2038	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
	<u>\$ 9,385,000</u>	<u>\$ 2,862,453</u>	<u>\$ 12,247,453</u>	<u>\$ 5,405,000</u>	<u>\$ 2,175,731</u>	<u>\$ 7,580,731</u>	<u>\$ 2,830,000</u>	<u>\$ 965,951</u>	<u>\$ 3,795,951</u>

Fiscal Year Ending	(Master District) Unlimited Contract Tax Bonds, SR 2015A			(Master District) Unlimited Contract Tax Refunding Bonds, SR 2016			(Master District) Unlimited Contract Tax Bonds, SR 2016A		
	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total	Principal Due	Interest Due	Total
	09/01	03/01:09/01		09/01	03/01:09/01		09/01	03/01:09/01	
2019	\$ 5,000	\$ 204,513	\$ 209,513	\$ 5,000	\$ 374,900	\$ 379,900	\$ 425,000	\$ 360,988	\$ 785,988
2020	25,000	204,413	229,413	5,000	374,800	379,800	450,000	352,488	802,488
2021	25,000	203,913	228,913	155,000	374,700	529,700	475,000	343,488	818,488
2022	25,000	203,413	228,413	5,000	371,600	376,600	475,000	333,988	808,988
2023	25,000	202,850	227,850	265,000	371,400	636,400	500,000	324,488	824,488
2024	50,000	202,225	252,225	255,000	360,800	615,800	525,000	314,488	839,488
2025	50,000	200,725	250,725	265,000	350,600	615,600	550,000	303,988	853,988
2026	50,000	199,225	249,225	265,000	340,000	605,000	575,000	292,988	867,988
2027	50,000	197,725	247,725	235,000	329,400	564,400	600,000	281,488	881,488
2028	5,000	196,225	201,225	5,000	320,000	325,000	5,000	269,488	274,488
2029	5,000	196,063	201,063	5,000	319,800	324,800	5,000	269,363	274,363
2030	50,000	195,900	245,900	5,000	319,600	324,600	5,000	269,238	274,238
2031	50,000	194,275	244,275	35,000	319,400	354,400	625,000	269,113	894,113
2032	50,000	192,650	242,650	730,000	318,000	1,048,000	650,000	253,488	903,488
2033	50,000	191,025	241,025	1,600,000	288,800	1,888,800	675,000	235,613	910,613
2034	100,000	189,400	289,400	2,755,000	224,800	2,979,800	700,000	217,050	917,050
2035	100,000	185,900	285,900	2,865,000	114,600	2,979,600	725,000	196,050	921,050
2036	100,000	182,400	282,400	-	-	-	750,000	174,300	924,300
2037	100,000	178,900	278,900	-	-	-	775,000	151,800	926,800
2038	2,400,000	175,400	2,575,400	-	-	-	1,150,000	128,550	1,278,550
2039	2,440,000	85,400	2,525,400	-	-	-	1,375,000	94,050	1,469,050
2040	-	-	-	-	-	-	1,760,000	52,800	1,812,800
2041	-	-	-	-	-	-	-	-	-
	<u>\$ 5,755,000</u>	<u>\$ 3,982,540</u>	<u>\$ 9,737,540</u>	<u>\$ 9,455,000</u>	<u>\$ 5,473,200</u>	<u>\$ 14,928,200</u>	<u>\$ 13,775,000</u>	<u>\$ 5,489,295</u>	<u>\$ 19,264,295</u>

Fiscal Year Ending	(Master District)			(Master District)			Annual Requirements for all Series		
	Unlimited Contract Tax Refunding Bonds, SR 2017			Unlimited Contract Tax Bonds, SR 2017A					
	Principal Due 09/01	Interest Due 03/01:09/01	Total	Principal Due 09/01	Interest Due 03/01:09/01	Total	Principal	Interest	Total
2019	\$ 15,000	\$ 213,690	\$ 228,690	\$ 505,000	\$ 493,363	\$ 998,363	\$ 2,745,000	\$ 2,586,294	\$ 5,331,294
2020	15,000	213,390	228,390	525,000	483,263	1,008,263	2,875,000	2,511,132	5,386,132
2021	15,000	213,090	228,090	540,000	472,763	1,012,763	2,770,000	2,432,519	5,202,519
2022	15,000	212,490	227,490	555,000	461,963	1,016,963	2,900,000	2,358,099	5,258,099
2023	15,000	211,890	226,890	575,000	450,863	1,025,863	2,950,000	2,278,041	5,228,041
2024	15,000	211,290	226,290	595,000	439,363	1,034,363	3,080,000	2,193,948	5,273,948
2025	15,000	210,690	225,690	615,000	427,463	1,042,463	3,030,000	2,105,473	5,135,473
2026	15,000	210,090	225,090	635,000	409,013	1,044,013	3,140,000	2,009,861	5,149,861
2027	20,000	209,490	229,490	655,000	389,963	1,044,963	3,265,000	1,910,911	5,175,911
2028	20,000	208,690	228,690	675,000	370,313	1,045,313	3,510,000	1,808,223	5,318,223
2029	20,000	207,890	227,890	695,000	350,063	1,045,063	3,705,000	1,698,824	5,403,824
2030	20,000	207,090	227,090	720,000	329,213	1,049,213	3,485,000	1,583,186	5,068,186
2031	20,000	206,290	226,290	745,000	307,613	1,052,613	3,815,000	1,473,216	5,288,216
2032	20,000	205,490	225,490	770,000	285,263	1,055,263	3,940,000	1,352,966	5,292,966
2033	20,000	204,690	224,690	795,000	262,163	1,057,163	4,150,000	1,220,166	5,370,166
2034	25,000	203,890	228,890	820,000	238,313	1,058,313	4,400,000	1,073,453	5,473,453
2035	25,000	202,890	227,890	845,000	213,713	1,058,713	4,560,000	913,153	5,473,153
2036	2,680,000	201,890	2,881,890	875,000	187,306	1,062,306	4,405,000	745,896	5,150,896
2037	2,785,000	94,690	2,879,690	900,000	159,963	1,059,963	4,560,000	585,353	5,145,353
2038	-	-	-	930,000	130,713	1,060,713	4,480,000	434,663	4,914,663
2039	-	-	-	960,000	100,488	1,060,488	4,775,000	279,938	5,054,938
2040	-	-	-	990,000	69,288	1,059,288	2,750,000	122,088	2,872,088
2041	-	-	-	1,025,000	35,875	1,060,875	1,025,000	35,875	1,060,875
	<u>\$ 5,775,000</u>	<u>\$ 3,849,610</u>	<u>\$ 9,624,610</u>	<u>\$ 16,945,000</u>	<u>\$ 7,068,304</u>	<u>\$ 24,013,304</u>	<u>\$ 80,315,000</u>	<u>\$ 33,713,278</u>	<u>\$ 114,028,278</u>

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
SEPTEMBER 30, 2018**

	(Participant) Series 2007	(Master) Series 2011	(Master) Series 2012	(Master) Series 2013	(Master) Series 2014	(Master) Series 2015
Interest Rate	4.25% - 4.60%	3.00% - 4.00%	3.25%	2.00% - 3.50%	3.00% - 3.75%	2.00% - 3.25%
Dates Interest Payable	3/1;9/1	3/1;9/1	3/1;9/1	3/1;9/1	3/1;9/1	3/1;9/1
Maturity Dates	09/01/2024	09/01/2027	09/01/2028	09/01/2032	09/01/2033	09/01/2030
Bond Outstanding at Beginning of Current Fiscal Year	\$ 905,000	\$ 4,380,000	\$ 7,110,000	\$ 9,480,000	\$ 5,620,000	\$ 2,855,000
Bonds Sold During the Current Fiscal Year	-	-	-	-	-	-
Retirements During the Current Fiscal Year:						
Refunded	-	-	-	-	-	-
Principal	(110,000)	(480,000)	(815,000)	(95,000)	(215,000)	(25,000)
Bonds Outstanding at End of Current Fiscal Year	<u>\$ 795,000</u>	<u>\$ 3,900,000</u>	<u>\$ 6,295,000</u>	<u>\$ 9,385,000</u>	<u>\$ 5,405,000</u>	<u>\$ 2,830,000</u>
Interest Paid During the Current Fiscal Year	<u>\$ 39,910</u>	<u>\$ 142,480</u>	<u>\$ 231,075</u>	<u>\$ 298,894</u>	<u>\$ 187,088</u>	<u>\$ 91,600</u>
Paying Agent's Name & City:	<u>UMB Bank</u> <u>Austin, Texas</u>					
Bond Authority:	Master District Bonds	Tax Bonds *	Other Bonds	Refunding Bonds		
Amount Authorized by Voters	N/A	\$ 8,850,000	\$ -	N/A		
Amount Issued	<u>\$ 95,645,000</u>	<u>1,935,000</u>	<u>-</u>	<u>\$ 68,370,000</u>		
Remaining To Be Issued	<u>N/A</u>	<u>\$ 6,915,000</u>	<u>\$ -</u>	<u>N/A</u>		

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2018:	<u>\$ 4,828,041</u>
Average Annual Debt Service Payment (Principal & Interest) for the remaining term of all debt:	<u>\$ 4,957,751</u>

(Master) Series 2015A	(Master) Series 2016	(Master) Series 2016A	(Master) Series 2017	(Master) Series 2017A	Totals
2.00% - 3.75%	2.00% - 4.00%	2.00% - 3.00%	2.00% - 4.00%	2.00% - 3.50%	
3/1;9/1	3/1;9/1	3/1;9/1	3/1;9/1	3/1;9/1	
09/01/2039	09/01/2035	09/01/2040	09/01/2037	09/01/2041	
\$ 5,760,000	\$ 9,460,000	\$ 14,200,000	\$ 5,790,000	\$ -	\$ 65,560,000
-	-	-	-	17,235,000	17,235,000
-	-	-	-	-	-
(5,000)	(5,000)	(425,000)	(15,000)	(290,000)	(2,480,000)
<u>\$ 5,755,000</u>	<u>\$ 9,455,000</u>	<u>\$ 13,775,000</u>	<u>\$ 5,775,000</u>	<u>\$ 16,945,000</u>	<u>\$ 80,315,000</u>
<u>\$ 204,612</u>	<u>\$ 375,000</u>	<u>\$ 369,488</u>	<u>\$ 213,990</u>	<u>\$ 397,943</u>	<u>\$ 2,552,080</u>
<u>UMB Bank</u> <u>Austin, Texas</u>					

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
TSI-7. COMPARATIVE SCHEDULE OF REVENUES
AND EXPENDITURES - FIVE YEARS
SEPTEMBER 30, 2018**

	Amounts				
	2018	2017	2016	2015	2014
GENERAL FUND REVENUES -					
Property taxes, including penalties	\$ 157,222	\$ 367,150	\$ 310,370	\$ 143,614	\$ 124,324
Interest and other	44,274	10,171	4,479	3,093	2,544
TOTAL GENERAL FUND REVENUES	201,496	377,321	314,849	146,707	126,868
GENERAL FUND EXPENDITURES -					
Current -					
Repairs/maintenance	55,203	24,164	18,832	39,640	12,139
Inspections	8,500	-	-	-	-
Operations/management fees	4,297	4,418	4,517	9,201	13,980
Legal fees	41,658	36,403	33,462	27,160	18,608
Audit fees	11,125	12,250	12,000	11,750	11,500
Engineering fees	-	-	-	-	538
Accounting fees	18,000	18,000	18,000	18,000	18,000
Tax appraisal/collection	1,928	2,092	1,915	985	783
Other consulting fees	864	912	851	632	616
Insurance	400	400	400	400	400
Miscellaneous	-	20	2,000	5,314	3,980
TOTAL GENERAL FUND EXPENDITURES	141,975	98,659	91,977	113,082	80,544
EXCESS (DEFICIENCY) OF GENERAL FUND REVENUES OVER EXPENDITURES					
	\$ 59,521	\$ 278,662	\$ 222,872	\$ 33,625	\$ 46,324
DEBT SERVICE FUND REVENUES -					
Bond proceeds	\$ 362,390	\$ -	\$ 846,083	\$ 418,502	\$ -
Proceeds from refunding issue, including bond premium	-	5,822,746	10,233,014	9,124,893	-
Intergovernmental contributions	4,590,404	4,420,132	4,046,246	3,436,000	3,194,000
Property taxes, including penalties	56,076	121,011	122,143	131,858	124,063
Interest	101,105	40,920	20,650	4,194	2,331
TOTAL DEBT SERVICE FUND REVENUES & OTHER FINANCING SOURCES	5,109,975	10,404,809	15,268,136	13,115,447	3,320,394
DEBT SERVICE FUND EXPENDITURES -					
Bond interest	2,552,080	2,160,915	1,863,472	1,866,539	2,010,107
Bond principal	2,480,000	2,075,000	1,720,000	1,610,000	1,440,000
Bond principal - payments to escrow agent	-	5,564,081	9,879,126	8,779,289	-
Capital outlay - bond issue costs	-	264,877	376,506	382,529	-
Fiscal agent fees and other	3,692	9,991	10,389	18,184	9,695
TOTAL DEBT SERVICE FUND EXPENDITURES & OTHER FINANCING USES	5,035,772	10,074,864	13,849,493	12,656,541	3,459,802
EXCESS (DEFICIENCY) OF DEBT SERVICE FUND REVENUES & OTHER FINANCING SOURCES OVER EXPENDITURES & OTHER FINANCING USES					
	\$ 74,203	\$ 329,945	\$ 1,418,643	\$ 458,906	\$ (139,408)
TOTAL ACTIVE RETAIL WATER CONNECTIONS	52	52	52	56	54
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	188	188	188	37	54

Percent of Fund Total Revenues				
2018	2017	2016	2015	2014
78.0%	97.3%	98.6%	97.9%	98.0%
22.0%	2.7%	1.4%	2.1%	2.0%
100%	100%	100%	100%	100%
27.4%	6.4%	6.0%	27.0%	9.6%
4.2%	-	-	-	-
2.1%	1.2%	1.4%	6.3%	11.0%
20.8%	9.7%	10.6%	18.5%	14.7%
5.5%	3.2%	3.8%	8.0%	9.1%
-	-	-	-	0.4%
8.9%	4.8%	5.7%	12.3%	14.2%
1.0%	0.6%	0.6%	0.7%	0.6%
0.4%	0.2%	0.3%	0.4%	0.5%
0.2%	0.1%	0.1%	0.3%	0.3%
-	-	0.6%	3.6%	3.1%
70.6%	26.2%	29.1%	77.1%	63.5%
29.4%	73.8%	70.9%	22.9%	36.5%
7.1%	-	5.6%	3.2%	-
-	56.0%	67.0%	69.6%	-
89.8%	42.5%	26.5%	26.2%	96.2%
1.1%	1.2%	0.8%	1.0%	3.7%
1.9%	0.3%	0.1%	-	0.1%
100%	100%	100%	100%	100%
49.9%	20.8%	12.2%	14.2%	60.5%
48.5%	19.9%	11.2%	12.3%	43.4%
-	53.5%	64.7%	66.9%	-
-	2.5%	2.5%	2.9%	-
0.1%	0.1%	0.1%	0.2%	0.3%
98.5%	96.8%	90.7%	96.5%	104.2%
1.5%	3.2%	9.3%	3.5%	(4.2)%

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
TSI-8. BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2018**

Complete District Mailing Address:	<u>100 Congress Ave., Suite 1300, Austin, TX 78701</u>
District Business Telephone Number:	<u>(512) 435-2300</u>
Submission Date of the most recent District Registration Form TWC Sections 36.054 & 49.054):	<u>December 4, 2018</u>
Limits on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution TWC Section 49.060)	<u>\$7,200</u>

Name and Address:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid * 9/30/2018	Expense Reimbursements 9/30/2018	Title at Year End
<i><u>Board Members:</u></i>				
Doug Connolly	(Elected) 11/8/2016 - 11/3/2020	\$ 1,800	\$ 25	President
Bill F. Schneider	(Elected) 11/6/2018 - 11/8/2022	\$ 1,350	\$ -	Vice-President
Wayne Basden	(Elected) 11/8/2016 - 11/3/2020	\$ 1,800	\$ 298	Secretary
H. Edward Padgett, Jr.	(Elected) 11/6/2018 - 11/8/2022	\$ 1,950	\$ -	Treasurer
Daniel M. Dukes	(Elected) 11/8/2016 - 11/3/2020	\$ 1,200	\$ 651	Assistant Secretary/Treasurer
<i><u>Consultants:</u></i>				
Crossroads Utility Services, LLC	3/12/2010	\$ 1,388,146	\$ -	General Manager
Armbrust & Brown, PLLC	11/20/1995	\$ 84,171	\$ -	Attorney
		\$ 144,262	\$ -	Bond Related Services
Murfie Engineering Co., Inc.	12/01/1998	\$ 432,525	\$ -	Engineer
Bott & Douthitt, PLLC	7/1/2009	\$ 88,000	\$ -	District Accountant
Public Finance Group LLC	4/17/2014	\$ 5,580	\$ -	Financial Advisor
		\$ 371,507	\$ -	Bond Related Services
McCall Parkhurst & Horton L.L.P.	11/20/1995	\$ 154,416	\$ -	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	7/1/2008	\$ 27,750	\$ -	Auditor
		\$ 12,400	\$ -	Bond Related Services
Travis County Tax Collector	N/A	\$ 774	\$ -	Tax Collector

* Fees of Office are the amounts actually paid to a director during the District's fiscal year.

**OTHER
SUPPLEMENTARY INFORMATION**

**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
OSI-1. PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2018**

Taxpayer	Type of Property	Tax Roll Year		
		2018	2017	2016
Barton Creek Resort & Clubs Inc.	N/A	\$ 67,232,035	\$ 92,232,035	\$ 87,234,902
Owners Club at Barton Creek L.P.	N/A	8,807,240	8,974,069	9,126,533
Omni Barton Creek Inc.	N/A	1,641,359	1,611,968	2,004,099
TCF National Bank	N/A	1,557,621	-	-
AT&T Mobility LLC	N/A	149,240	119,531	129,353
Encore Event Technologies Inc.	N/A	98,987	92,824	-
Dallas MTA LP	N/A	71,878	41,690	52,633
Stratus Properties Operating Company LP		55,738	55,738	55,738
Modular Space Corporation	N/A	27,855	-	-
Stewart Organization Inc.	N/A	24,318	30,896	36,699
DLL Finance LLC	N/A	-	511,771	639,865
Barton Creek Resort & Clubs Inc.	N/A	-	51,255	-
The Coca Cola Company	N/A	-	-	29,566
Brech Spradley Golf Academy LLC	N/A	-	-	15,197
Total		\$ 79,666,271	\$ 103,721,777	\$ 99,324,585
Percent of Assessed Valuation		99.93%	99.95%	99.98%

Source: Travis County Appraisal District

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**TRAVIS COUNTY
MUNICIPAL UTILITY DISTRICT NO. 4
OSI-2. ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2018**

Type of Property	Tax Roll Year					
	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
Single Family Residence	\$ 8,467,940	10.6%	\$ 8,634,769	8.3%	\$ 8,787,233	8.8%
Vacant Lot	404,896	0.5%	404,896	0.4%	404,896	0.3%
Commercial	67,229,877	84.3%	92,229,877	88.9%	87,232,744	87.9%
Telephone Company	228,384	0.3%	167,019	0.2%	187,593	0.2%
Commercial Personal Property	3,392,625	4.3%	2,342,213	2.2%	2,734,418	2.8%
Totally Exempt Property	3,897	-	3,500	-	3,500	-
Less: Adjustments	(3,897)	-	(3,500)	-	(3,500)	-
Total Taxable	<u>\$ 79,723,722</u>	<u>100%</u>	<u>\$ 103,778,774</u>	<u>100%</u>	<u>\$ 99,346,884</u>	<u>100%</u>

Source: Travis County Appraisal District

APPENDIX C
FORM OF BOND COUNSEL OPINION

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

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4
UNLIMITED CONTRACT TAX BONDS, SERIES 2019
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$8,000,000**

AS BOND COUNSEL FOR TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 4 (the "Master District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the resolution of the Board of Directors of the Master District adopted on February 12, 2019 authorizing the issuance of the Bonds.

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the Master District, and other documents authorizing and relating to the issuance of said Bonds, including one of the executed Bonds (Bond Numbered T-1) and specimens of Bonds to be authenticated and delivered in exchange for the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION THAT the Bonds have been authorized and issued and the Bonds delivered concurrently with this opinion have been duly delivered, and that, assuming due authentication, Bonds issued in exchange therefor will have been duly delivered, in accordance with law, and that said Bonds, except as the enforceability thereof may be limited by laws applicable to the Master District relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, constitute valid and legally binding, limited and special obligations of the Master District that, together with the Outstanding Contract Bonds, are equally and ratably secured by a trust indenture dated as of April 3, 2012 (the "Indenture") between the Master District and UMB Bank, N.A., as successor trustee to BOKF, NA, (the "Trustee"), pursuant to which the Master District has granted, conveyed, assigned and pledged to the Trustee certain "Pledged Revenues", which include (1) certain pledged contract payments under the Contracts for Financing and Operation of Regional Waste Collection, Treatment and Disposal Facilities, Regional Water Supply and Delivery Facilities and Regional Drainage Including Water Quality Facilities, as dated therein, between the Master District and the various participants (the "Master District Contracts"); (2) all amounts from time to time on deposit in the debt service fund and reserve fund held by the Trustee pursuant to the Indenture; and (3) all other property which may subsequently be pledged as additional security for the Bonds.



THE MASTER DISTRICT reserves the right to issue Additional Contract Bonds; bonds, notes, and other obligations of inferior liens; and such other obligations authorized by law including, bonds payable from contracts with other persons, including private corporations, municipalities, and political subdivisions

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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Master District as the taxpayer. We observe that the Master District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal,



state or local tax consequences arising from the enactment of any pending or future legislation.

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

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

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

Respectfully,

APPENDIX D
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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