

**WHEREAS**, the Commission (defined below) has approved the issuance by the District of \$14,500,000 principal amount of bonds upon the terms and conditions as outlined in the Commission Order (defined below); and

**WHEREAS**, the Board deems it necessary and advisable at this time to issue all of the bonds authorized by the Election, which bonds are issued under the authority of the Texas Constitution and the laws of the State of Texas, including particularly Chapters 49 and 51, Texas Water Code, the Election, and the Commission Order.

**NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE THAT:**

**SECTION 1. AMOUNT AND PURPOSE OF THE BONDS.** The Board hereby incorporates the recitals set forth in the preamble hereto as if set forth in full at this place and further finds and determines that the recitals are true and correct. The Bonds of the District are hereby authorized to be issued and delivered in the aggregate principal amount of \$14,500,000 for the purposes authorized by the Election and the Commission Order, including paying the costs associated with the following: (i) the construction of wastewater treatment plant improvements; (ii) reclaimed water system improvements; (iii) water and wastewater conveyance improvements; (iv) drainage improvements; (v) engineering associated with the foregoing; and (vi) the issuance of the Bonds. The Bonds are issued under the authority of the Texas Constitution and laws of the State of Texas, including particularly Chapters 49 and 51, Texas Water Code, the Election and the Commission Order.

**SECTION 2. DEFINITIONS.** In addition to other words and terms defined in this Order (except those defined and used in the FORM OF BOND in Exhibit A attached hereto) and unless a different meaning or intent clearly appears in the context, the following words and terms shall have the following meanings, respectively:

“Board” shall have the meaning assigned to such term in the recitals above.

“Bonds” shall mean and include collectively the bonds initially issued and delivered pursuant to this Order and all substitute bonds and bonds exchanged therefor, as well as all other substitute bonds and replacement bonds issued pursuant hereto, and the term “Bond” shall mean any of the Bonds.

“Bond Order” or “Order” shall mean this Order of the Board authorizing the issuance of the Bonds, as same may be amended, supplemented, or otherwise modified.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commission” shall mean The Texas Commission on Environmental Quality and any successor thereto.

“Commission Order” shall mean the Order of the Commission approving the issuance of the Bonds, as same may be amended, supplemented, or otherwise modified.

“District” shall have the meaning assigned to such term in the recitals above.

“Election” shall have the meaning assigned to such term in the recitals above.

“EMMA” shall mean the Electronic Municipal Market Access (“EMMA”) system currently available at [www.emma.msrb.org](http://www.emma.msrb.org), and any successor thereto.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The District intends for such term to have the same meaning as when used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

“Interest and Sinking Fund” shall have the meaning as set forth in Section 7 below.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor thereto.

“Offering Documents” shall mean the offering documents related to the Bonds, including the Official Notice of Sale, Official Bid Form, Preliminary Official Statement, and Official Statement, together with any amendments, supplements or other modifications thereto.

“Paying Agent/Registrar” shall mean BOKF, NA, Dallas, Texas, and such other lawfully qualified person or entity as may hereafter be appointed in substitution therefor or in addition thereto to perform the duties of Paying Agent/Registrar in accordance with this Order.

“Purchaser” shall mean Robert W. Baird & Co. Inc.

“Rule” shall mean SEC Rule 15c2-12, as amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

**SECTION 3. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, PRIOR REDEMPTION AND MATURITIES OF BONDS.** Each Bond issued pursuant to this Order shall be designated: “TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE UNLIMITED TAX BONDS, SERIES 2020” and initially there shall be issued, sold and delivered hereunder fully registered Bonds, without interest coupons, with the Bonds being dated December 15, 2020 in the respective denominations and principal amounts hereinafter stated, being numbered consecutively from R-1 upward (except the initial Bond delivered to the Attorney General of the State of Texas which shall be numbered T-1), payable to the respective initial registered owners thereof (as designated in Section 14 hereof), or to the registered assignee or assignees of said Bonds or any portion or portions thereof (in each case, the “Registered Owner”). Unless redeemed prior to their respective maturities as provided in the FORM OF BOND, the Bonds shall mature and be payable on August 15 in each of the years and in the principal amounts, respectively, as set forth in the following schedule, and the Bonds shall

bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Order to their respective dates of maturity or earlier redemption at the following rates per annum:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
2021	\$ 280,000	4.000%
2022	425,000	4.000%
2023	445,000	4.000%
2024	460,000	4.000%
2025	480,000	4.000%
2026	505,000	4.000%
2027	525,000	2.000%
2028	545,000	1.000%
2029	570,000	1.250%
2030	595,000	1.375%
2031	620,000	1.500%
2032	645,000	1.625%
2033	675,000	1.625%
2034	700,000	2.000%
2035	730,000	2.000%
2036	760,000	2.000%
2037	1,300,000	2.000%
2038	1,355,000	2.000%
2039	1,415,000	2.000%
2040	1,470,000	2.000%

**SECTION 4. RESERVED.**

**SECTION 5. CHARACTERISTICS OF THE BONDS.**

(a) Registration, Transfer, Conversion and Exchange; Authentication. The District shall keep or cause to be kept at the designated office for payment of BOKF, NA (the “Paying Agent/Registrar”) in Dallas, Texas, books or records for the registration of the transfer, conversion and exchange of the Bonds (the “Registration Books”), and the District hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the District and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the Registered Owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each Registered Owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The District shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not

permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in this Order. Registration or assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Order. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the Board or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and the Bonds shall be of typewritten, photocopied, printed, lithographed, engraved or produced in any other similar manner, all as determined by the officers executing such Bond as evidenced by their execution thereof. Pursuant to Chapter 1201 of the Texas Government Code, as amended, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Order, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The District hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Order. The Paying Agent/Registrar shall keep proper records of all payments made by the District and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and replacements of Bonds, as provided in this Order. However, in the event of a nonpayment of interest on a scheduled payment date, and for 30 calendar days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the Registered Owners thereof, (ii) may be transferred and assigned, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) shall be payable as to the principal of and interest, (vii) may be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar at least 30 calendar days prior to any such redemption date), and (viii) shall be administered, and the Paying Agent/Registrar and the District shall have certain duties and responsibilities with respect

to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Order. The Bonds initially issued and delivered pursuant to this Order are not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Order the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Substitute Paying Agent/Registrar. The District covenants with the Registered Owners of the Bonds that at all times while the Bonds are outstanding the District will provide a competent and legally qualified bank, trust company, financial institution, or other person or entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Order. The District reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 30 days written notice to the Paying Agent/Registrar, to be effective at such time which will not disrupt or delay payment on the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the District covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other person or entity to act as Paying Agent/Registrar under this Order. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the District. Upon any change in the Paying Agent/Registrar, the District promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Order and a certified copy of this Order shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry-Only System. The Bonds issued in exchange for the Bonds initially issued as provided in Section 3 shall be issued in the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC") and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC participants (the "DTC Participant") or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC

Participant or any person, other than a Registered Owner, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, but to the extent permitted by law, the District and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal of and interest, with respect to such Bond, for the purposes of registering transfers with respect to such Bonds, and for all other purposes of registering transfers with respect to such Bonds, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective Registered Owners, as shown in the Registration Books as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the District to make payments of principal, and interest pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks being mailed to the Registered Owner at the close of business on the Record Date the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfer Outside-Book-Entry-Only System. In the event that the District determines to discontinue the book-entry system through DTC or a successor or DTC determines to discontinue providing its services with respect to the Bonds, the District shall either (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Registered Owner transferring or exchanging Bond shall designate, in accordance with the provisions of this Order.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations of the District with DTC.

(h) Initial Bond. The Bonds herein authorized shall be initially issued as a fully registered Bond, being on Bond, and the initial Bond shall be registered in the name of the Purchaser or the designee(s) thereof. The initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchaser or the designee thereof. Immediately after the delivery of the initial Bond on the closing date, the Paying Agent/Registrar shall cancel the initial Bond delivered hereunder and exchange therefor Bonds in

the form of a separate single fully registered Bond for each of the maturities thereof registered in the name of Cede & Co., as nominee of DTC and except as provided in this Section, all of the outstanding Bonds shall be registered in the name of Cede & Co., and nominee of DTC.

(i) DTC Blanket Letter of Representations. The District has previously approved a Blanket Issuer Letter of Representations with DTC establishing the book-entry-only system, which will be utilized with respect to the Bonds.

**SECTION 6. FORM OF BONDS.** The form of the Bonds, including the form of PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, the form of ASSIGNMENT and the form of COMPTROLLER REGISTRATION CERTIFICATE to be attached to the Bond initially issued and delivered pursuant to this Order, shall be, respectively, substantially in the form set forth in Exhibit A hereto, with such appropriate variations, omissions, or insertions as are permitted or required by this Order. In accordance with Section 12 below, if a municipal bond insurance policy is obtained, the Bonds may also bear an appropriate legend as provided by the such bond insurer.

**SECTION 7. TAX LEVY AND INTEREST AND SINKING FUND.** A special Interest and Sinking Fund (the "Interest and Sinking Fund") is hereby created solely for the benefit of the Bonds, and the Interest and Sinking Fund shall be established and maintained by the District at an official depository bank of the District. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the District, and shall be used only for paying the interest on and principal of the Bonds, the expenses of assessing and collecting such tax, and the fees and expenses of the Paying Agent/Registrar with respect to the Bonds. All ad valorem taxes levied and collected for and on account of the Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any of the Bonds or interest thereon, are outstanding and unpaid, the governing body of the District shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, to provide and maintain a sinking fund adequate to pay the principal of its Bonds as such principal matures, and to pay the expenses of assessing and collecting the tax and the fees and expenses of the Paying Agent/Registrar with respect to the Bonds; and said tax shall be based on the latest approved tax rolls of the District, with full allowance being made for tax delinquencies. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the District for each year while any of the Bonds or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, and to pay the expenses of assessing and collecting the tax and the fees and expenses of the Paying Agent/Registrar with respect to the Bonds, and are hereby pledged for such payment, without limit as to rate or amount.

**SECTION 8. PERFECTION.** Chapter 1208 of the Texas Government Code applies to the issuance of the Bonds and the pledge granted by the District under Section 7 of this Order, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge granted by the District under Section 7 of this Order is to be subject to the filing requirements of Chapter 9 of the Texas Business &

Commerce Code, then in order to preserve to the Registered Owners of the Bonds the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9 of the Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 9. DEFEASANCE.** The District reserves the right to, and may, defease, redeem, refund or discharge the Bonds in any manner now or hereafter permitted by law.

**SECTION 10. INVESTMENT OF FUNDS.** The Board may place money in any fund created by this Order in time or demand deposits or invest such moneys as authorized by law at the time of such deposit. Obligations purchased as an investment of money in any fund shall be deemed to be a part of such fund. Except as otherwise provided by law or by this Order, amounts received from the investment of any money in any fund created by this Order (except the Interest and Sinking Fund, which shall be applied as set forth in Section 7 of this Order) may be placed into any fund of the District as determined by the Board. All funds created by this Order shall be secured in the manner and to the fullest extent required by law for the security of funds of the District.

**SECTION 11. APPLICATION OF BOND PROCEEDS.**

(a) **Bond Proceeds.** The District hereby covenants that the proceeds of the sale of the Bonds will be used as soon as practicable for the purposes for which the Bonds are issued, except that any proceeds of the Bonds representing the rounding amount shall be deposited into the Interest and Sinking Fund and shall be used to pay debt service on the Bonds. The proceeds of the Bonds may be invested as provided in Section 10 above.

(b) **Capital Projects Fund.** Proceeds of the Bonds necessary to complete the purposes for which the Bonds are issued shall be deposited in the Capital Projects Fund. Any surplus bond proceeds after completion of the projects authorized in the Commission Order, shall be used in accordance with applicable law.

(c) **Interest.** Interest earnings derived from the investment of proceeds from the sale of the Bonds deposited in the Capital Projects Fund shall be used for the purpose for which the Bonds are issued; provided that after completion of the purposes set forth in Section 1 of this Order any interest earnings remaining on hand shall be deposited in the Interest and Sinking Fund or used to pay any rebate in accordance with Section 13 of this Order.

**SECTION 12. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED.** The President of the Board is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall sign the



Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the District's Bond Counsel and the assigned CUSIP numbers may, at the option of the District, be printed on the Bonds issued and delivered under this Order, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owners of the Bonds. In addition, if a municipal bond insurance policy is obtained, the Bonds may bear an appropriate legend as provided by the such bond insurer.

**SECTION 13. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.**

(a) Definitions. When used in this Section 13, the terms listed below shall have the meanings specified below, unless it is otherwise expressly provided or unless the context otherwise requires:

“Code” means the Internal Revenue Code of 1986, as amended by any amendments thereto enacted prior to the Issue Date.

“Computation Date” has the meaning set forth in section 1.148-3(e) of the Regulations.

“Gross Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations.

“Investment” has the meaning stated in section 1.148-1(b) of the Regulations and includes:

- (1) Stock: a share of stock in a corporation or a right to subscribe for or to receive such a share;
- (2) Debt: any indebtedness or evidence thereof, including without limitation United States Treasury bonds, notes, and bills (whether or not of the State and Local Government Series) and bank deposits (whether or not certificated or interest bearing or made pursuant to a depository contract);
- (3) Annuities and Deferred Payments: any annuity contract, or any other deferred payment contract acquired to fund an obligation of the District; or
- (4) Other Property: any other investment-type property.

“Issue Date” means the date on which the Bonds are initially authenticated and delivered to the Purchaser against payment therefor.

“Issue Price” of the Bonds of any series and stated maturity, means the amounts set out in the Certificate of the Purchaser executed on the Issue Date.

“Net Sale Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations.

“Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations.

“Rebate Amount” has the meaning set forth in section 1.148-3 of the Regulations.

“Regulations” shall mean the final or temporary Income Tax Regulations applicable to the Bonds issued pursuant to sections 141 through 150 of the Code. Any reference to a section of the Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to sections 141 through 150 of the Code and applicable to the Bonds.

“Sale Proceeds” has the meaning set forth in section 1.148-1(b) of the Regulations.

“Taxable Investment” means any Investment other than:

- (1) Non-AMT Tax Exempt Obligations: an obligation the interest on which is excluded from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes (or, when such obligation was issued, was purported by the evidence of such obligation to be so excluded) and which is not a preference item, as defined in section 57 of the Code;
- (2) Tax Exempt Mutual Funds: an interest in a regulated investment company to the extent that at least 95% of the income to the holders of such interest is interest that is excludable from gross income under section 103(a) of the Code;
- (3) Demand SLGS: one-day certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. part 344, if the District in good faith attempts to comply with all the requirements of such program relating to the investment of Gross Proceeds; and
- (4) Exempt Temporary Investments: Taxable Investments which are held for the credit of the Current Bond Year Interest and Sinking Fund.

“Yield” of:

- (1) Taxable Investments: Taxable Investments to any date means the actuarial “yield” of all such Taxable Investments on or before such date as “yield” is defined in section 1.148-5(b) of the Regulations; and
- (2) Bonds: Any series of bonds means the actuarial “yield” of such Bonds, as defined in section 1.148-4 of the Regulations, and for the Bonds shall be specified in a certificate executed by an officer of the Board on the Issue Date.

(b) Not to Cause Interest to Become Taxable. The District shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property acquired, constructed, or improved with Gross Proceeds) in a manner which, if made or omitted, respectively, (or take or omit to take any other action which if taken or omitted, respectively), would cause interest on any Bond to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes. The District shall adopt and comply with the provisions of such amendments hereof and supplements hereto as may, in the opinion of nationally recognized bond counsel, be necessary to preserve or perfect such exclusion. Without limiting the generality of the foregoing, the District shall comply with each of the specific covenants in this Section at all times prior to the last maturity of the Bonds, unless and until the District shall have received a written opinion of nationally recognized bond counsel to the effect that failure to comply with such covenant will not adversely affect the excludability of interest on any Bond from the gross income of the owner thereof for federal income tax purposes, and thereafter such covenant shall no longer be binding upon the District to the extent described in such opinion, anything in any other Subsection of this Section to the contrary notwithstanding.

(c) No Private Use or Payments. At all times prior to the last maturity of the Bonds, the District shall neither:

(1) use nor permit the use of Gross Proceeds (or any property acquired, constructed or improved with Gross Proceeds or income from the investment thereof) in any trade or business carried on by any Person (or in any activity of any Person other than an individual) other than a state or local government, nor

(2) directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds (or use of any property acquired, constructed, or improved with Gross Proceeds or income from the investment thereof) in any trade or business carried on by any Person (or in any activity of any Person other than an individual) other than a state or local government,

(3) unless either (i) such use is merely as a member (and, except possibly for the amount of use and any corresponding rate adjustment, is extended by the District on the same terms as to all other members) of the general public or (ii) such charge or payment consists of taxes of general application within the District or interest earned on temporary Investments acquired with Gross Proceeds pending application of such Gross Proceeds for their intended purposes. For purposes of this Subsection B, property is considered to be “used” by a Person if:

(u) Sale or Lease: it is sold or otherwise disposed of, or leased, to such Person;

(v) Management Contract: it is operated, managed, or otherwise physically employed, utilized, or consumed by such Person, excluding operation or management pursuant to an agreement which

meets the conditions described in I.R.S. Rev. Proc. 97-13, as modified by Notice 2014-67;

- (w) Capacity, Output, or Service Commitment: capacity in or output or service from such property is reserved or committed to such Person under a take-or-pay, output, incentive payment, or similar contract or arrangement;
- (x) Preferential Service: such property is used to provide service to (or such service is committed to or reserved for) such Person on a basis or terms which (except possibly for the amount of use and any corresponding rate adjustment) are different from the basis or terms on which such service is provided (or committed or reserved) to members of the public generally;
- (y) Developer: such Person is a developer and a significant amount of property acquired, constructed, or improved with proceeds from the sale of a series of bonds of which the Bonds are a part serves only a limited area substantially all of which is owned by such Person, or a limited group of developers, unless such property carries out an essential governmental function, use by such Person is during an initial development period, and such property is developed and sold to (and occupied by) members of the general public in accordance with the Regulations; or
- (z) Other Incidents of Ownership: substantial burdens and benefits of ownership of such property are otherwise effectively transferred to such Person,

but the temporary investment of Gross Proceeds pending application for their intended purposes shall not constitute “use” of Gross Proceeds.

(d) No Private Loan. The District shall not use Gross Proceeds to make or finance loans to any Person other than a state or local government, excluding loans consisting of temporary investments of Gross Proceeds pending application of such Gross Proceeds for their intended purposes. For purposes of this Subsection 13(d), Gross Proceeds are considered to be “loaned” to a Person if (1) property acquired, constructed, or improved with Gross Proceeds is sold or leased to such Person in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such Person under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of Gross Proceeds or such property are otherwise transferred to such Person in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. The District shall not, at any time prior to the final maturity of the Bonds, directly or indirectly invest Gross Proceeds in any Taxable Investment (or use Gross Proceeds to replace money so invested), if, as a result of such investment, the Yield of

all Taxable Investments acquired with (or representing an investment of) Gross Proceeds (or money replaced thereby), whether then held or previously disposed of, to the date of such investment exceeds the Yield of the Bonds. Notwithstanding the foregoing, however, the following Investments shall be excluded from the limitation described in this Subsection 13(e):

- (1) Three-year Period for Certain Sale Proceeds: Taxable Investments acquired with (or representing an investment of) Net Sale Proceeds of the Bonds or earnings from the investment thereof;
- (2) Current Bond Year Interest and Sinking Fund Deposits: Taxable Investments acquired with (or representing an investment of) amounts held for the credit of the Interest and Sinking Fund for the payment of the debt service on the Bonds during the then current bond year (the “Current Bond Year Interest and Sinking Fund”), but only during the first 13 months after the date of deposit of such amounts to the Interest and Sinking Fund;
- (3) Interest and Sinking Fund Deposits: Taxable Investments acquired with (or representing an investment of) amounts held for the credit of the Interest and Sinking Fund in excess of the amounts held for the credit of the Current Bond Year Interest and Sinking Fund to the extent such Taxable Investments are held during the first 30 days after the date of deposit of such amounts to the Interest and Sinking Fund or, if held more than 30 days after deposit, do not exceed 10% of the stated principal amount of the Bonds; and
- (4) Other Investments: any other Taxable Investments acquired with (or representing an investment of) Gross Proceeds described in Clause (3) of the definition thereof, to the extent the aggregate amount of Gross Proceeds invested in such Taxable Investments does not exceed the lesser of \$100,000 or 5% of the proceeds from sale of the Bonds.

The District shall not use any money to pay principal of or interest on the Bonds, or pledge (or permit to be pledged) or otherwise restrict any money, funds, or Taxable Investments so as to give reasonable assurance of their availability for such purpose, except in each case amounts deposited to the Interest and Sinking Fund.

(f) No Federal Guarantees, Etc. The District shall not either (a) use Gross Proceeds in an amount which exceeds 5% of the proceeds from the sale of the Bonds (i) to make loans which are guaranteed in whole or in part by the United States or any agency or instrumentality thereof, including any entity with statutory authority to borrow from the United States, or (ii) to invest in any deposit or account in a financial institution to the extent such deposit or account is insured under federal law by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or any similar federally-chartered corporation, or (b) otherwise permit payment of principal of or interest on the Bonds to be directly or indirectly guaranteed in whole or in part by the United States or any agency or instrumentality thereof, including any entity with statutory authority to borrow from the United States (e.g., by the investment of amounts held for

the credit of the Interest and Sinking Fund in federally-guaranteed or federally-insured obligations). Notwithstanding the foregoing, however, the District may acquire:

- (1) Certain Temporary Investments: Investments described in Subsections (e)(1), (e)(2), and (e)(3) of this Section, whether or not federally-guaranteed or federally-insured, to the extent such Investments are held during the period described in such Subsection;
- (2) Treasury Investments: Investments issued by the United States Treasury; and
- (3) Investments Permitted by Regulations: Any other Investments permitted by regulations of the United States Department of Treasury issued under section 149(b)(3)(B)(v) of the Code.

(g) Not to Divert Arbitrage Profits. Prior to the final maturity of the Bonds, the District shall not at any time invest amounts held for the credit of the Capital Projects Fund or the Interest and Sinking Fund in any Investment purchased at other than an arm's length price or for which there is not an established market at the time of investment, except possibly for Investments described in Subsection (e)(2) of this Section to the extent such Investments are acquired and mature or are disposed of during the period described in such Subsection.

(h) To File Informational Report. The District shall execute and file with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Issue Date occurs (or by such later date as such Secretary may permit for reasonable cause or may prescribe with respect to any portion of such statement), a statement containing the information and in the form required by section 149(e) of the Code or the Regulations promulgated thereunder.

(i) Not to Cause Bonds to Become Hedge Bonds. The District warrants and represents that:

- (1) the District reasonably expects that at least 85% of the Net Sale Proceeds of the Bonds will be used to carry out the governmental purposes of the Bonds within three years from the date each series of the Bonds was issued, and
- (2) not more than 50% of the Proceeds of the Bonds will be invested in nonpurpose investments (as defined in section 148(0)(6)(A) of the Code) having a substantially guaranteed Yield for four years or more.

(j) Payment of Rebate Amount. Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder:

- (1) The District shall account for all Gross Proceeds (including all receipts and expenditures thereof) on its books of account separately and apart from all other funds (and receipts, expenditures, and investments thereof) and shall

maintain all records of such accounting with the transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date. The District may, however, to the extent permitted by law, commingle Gross Proceeds of the Bonds with other money of the District, provided that the District separately accounts for each receipt and expenditure of such Gross Proceeds and the obligations acquired therewith;

- (2) Not less frequently than each Computation Date, the District shall either (i) cause to be calculated by a nationally recognized accounting or financial advisory firm or (ii) calculate and cause its calculations to be verified by a nationally recognized accounting or financial advisory firm, in either case in accordance with rules set forth in section 148(f) of the Code and section 1.148-3 of the Regulations and rulings thereunder, the Rebate Amount with respect to the Bonds. The District shall maintain such calculations with the official transcript of the proceedings relating to the issuance of the Bonds until four years after the final Computation Date;
- (3) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of money represented thereby, and in order to induce such purchase by measures designed to preserve the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the District shall remit to the United States the amount described in paragraph (2) above and the amount described in paragraph (4) below, at the times, in the installments, to the place, in the manner, and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder; and
- (4) The District shall exercise reasonable diligence to assure that no errors are made in the calculations required by paragraph (2) and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter, including payment to the United States of any interest and any penalty required by section 1.148-3(h) of the Regulations.

(k) Rebate Fund. In order to facilitate compliance with the above covenant (j), a “Rebate Fund” is hereby established by the District for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

**SECTION 14. SALE OF BONDS.** The Bonds are hereby sold, pursuant to the taking of public bids therefor, on this date, and shall be delivered the Purchaser or its designee at a price of \$14,375,489.30. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable and the Purchaser’s sealed bid produced the lowest net effective interest rate to the District as required by Section 49.183, Texas Water Code. The initial Bond shall be registered in the name of the Purchaser or the designee(s) thereof.

**SECTION 15. GENERAL COVENANTS OF THE DISTRICT.** The District covenants and represents that:

(a) It has lawful power to issue the Bonds and has lawfully exercised such power under the Constitution and laws of the State of Texas.

(b) The Bonds shall be ratably secured in such manner that no one Bond shall have preference over other Bonds.

(c) It has obtained or will obtain and will comply with the terms and conditions of all franchises, permits, and authorizations and will maintain same in full force and effect.

(d) It will proceed to acquire and construct with all due diligence and dispatch so much of the District's facilities as shall have been financed with the proceeds of the Bonds.

(e) It will levy an ad valorem tax that will be sufficient to provide funds to pay the interest on the Bonds and to provide the necessary sinking fund, all as described in Section 7 of this Order.

(f) It shall 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 audit shall be in accordance with applicable law, rules, and regulations in effect from time to time, including particularly Chapter 49, Texas Water Code and the Water District Financial Management Guide adopted by the Commission. A copy of such audit shall be filed in the office of the District and shall be open to inspect by any interested person during normal office hours. The District shall allow any holder or holders of not less than 25% in principal amount of the Bonds then outstanding to inspect the District's facilities and all records, accounts, and data of the District relating thereto at all reasonable times and shall furnish a copy of such audit report to any such holder or holders upon payment to the District of the charge therefor as prescribed by law.

(g) The President, the Vice President, the Secretary, and all other officers of the Board from time to time, or any of them, are hereby authorized and directed to do any and all things required for the construction of the District's facilities and are further authorized and directed to make money of the District available for the payment of the Bonds in the manner provided by law and herein.

(h) So long as any of the Bonds or Additional Bonds remain outstanding, the District covenants that it will at all times maintain its facilities or within the limits of its authority cause the same to be maintained, in good condition and working order and will operate the same, or cause the same to be operated, in an efficient and economical manner at a reasonable cost and in accordance with sound management principles. In operating and maintaining the District's facilities, the District will comply with all contractual provisions and agreements entered into by it and with all valid rules, regulations, directions or orders of any governmental, administrative or judicial body having jurisdiction over the District.

**SECTION 16. REMEDIES OF REGISTERED OWNERS.** In addition to all rights and remedies of any Registered Owner of the Bonds provided by the laws of the State of Texas,



the District and the Board covenant and agree that in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make the payments required by this Order to be made into the Interest and Sinking Fund, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in this Order, the Registered Owner of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Board and other officers of the District to observe and perform any covenant, obligation, or condition prescribed in this Order. No delay or omission by any Registered Owner upon default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies mentioned in this Order shall be available to the Registered Owners of the Bonds as provided herein and shall be cumulative of all other existing remedies.

**SECTION 17. ADDITIONAL BONDS, SPECIAL PROJECT BONDS AND REFUNDING BONDS.**

(a) Additional Bonds, Inferior Bonds and Refunding Bonds. The District expressly reserves the right to issue in one or more installments or issues, additional bonds heretofore voted but unissued and bonds hereafter voted and payable from a lien on and pledge of taxes on a parity with and of equal dignity with the pledge for the Bonds; and bonds, notes and other obligations of inferior liens. The District further reserves the right to issue refunding bonds, notes or other obligations in any manner permitted by law to refund any Bonds, Additional Bonds, bonds, notes or other obligations at or prior to their respective dates of maturity or redemption.

(b) Special Project Bonds. The District further reserves the right to issue Bonds in one or more installments for the purchase, construction, improvement, extension, replacement, enlargement or repair of water, sewer and/or drainage facilities necessary under contract or contracts with persons, corporations, municipal corporations, political subdivisions, or other entities, such Bonds to be payable from and secured by the proceeds of such contract or contracts. The District further reserves the right to refund such Bonds.

**SECTION 18. APPROVAL OF OFFERING DOCUMENTS.** The Offering Documents were prepared and distributed in connection with the sale of the Bonds. Said Offering Documents are hereby ratified, approved and confirmed by the Board, and their use in the offer and sale of the Bonds is hereby ratified, approved and confirmed.

**SECTION 19. DAMAGED, MUTILATED, LOST, STOLEN OR DESTROYED BONDS.**

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new Bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the Registered Owner applying for a replacement Bond shall furnish to the District and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the Registered Owner shall furnish to the District and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond. In every case of damage or mutilation of a Bond, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Bond, the District may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement Bond, the Paying Agent/Registrar shall charge the Registered Owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement Bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the District whether or not the lost, stolen or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Order equally and proportionately with any and all other Bonds duly issued under this Order.

(e) Authority for Issuing Replacement Bonds. In accordance with Subchapter B of Chapter 1206 of the Texas Government Code, as amended, this Section of this Order shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the District or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 5(a) of this Order for Bonds issued in conversion and exchange for other Bonds.

**SECTION 20. ORDER A CONTRACT.** The District acknowledges that the covenants and obligations of the District herein contained are a material inducement to the purchase of the Bonds. This Order shall constitute a contract with the holders of the Bonds from time to time, binding on the District and its successors and assigns, and shall not be amended or repealed by the District so long as any Bond remains outstanding except as permitted in Section 24.

**SECTION 21. PARTIES INTEREST HEREIN.** Nothing in this Order, expressed or implied, is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Order or any covenant, condition or stipulation hereof, and all covenants,

stipulations, promises and agreements in this Order contained by and on behalf of the District shall be for the sole and exclusive benefit of the District and the Registered Owners of the Bonds.

**SECTION 22. OPEN MEETING.** It is hereby officially found and determined that the meeting at which this Order is adopted, was open to the public, and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code and Section 49.064, Texas Water Code.

**SECTION 23. APPROVAL OF PAYING AGENT/REGISTRAR AGREEMENT.** The Paying Agent/Registrar Agreement by and between the District and BOKF, NA, Dallas, Texas (“Paying Agent Agreement”), in substantially the form and substance presented with this Order is hereby approved and the President or Vice President is hereby authorized and directed to complete, amend, modify and execute the Paying Agent Agreement, as necessary, and the Secretary or Assistant Secretary may attest such agreement.

**SECTION 24. AMENDMENTS.**

(a) Amendment with Consent of Owners. The owners of a majority in aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendments to this Bond Order which may be deemed necessary or desirable by the District; provided however, that, other than as permitted by subsection (f) of this Section, nothing herein contained shall permit or be construed to permit the amendment, without the consent of the owner of each of the outstanding Bonds affected thereby, of the terms and conditions of this Bond Order or the Bonds so as to:

- (i) change debt service requirements, interest payment dates or the maturity or maturities of the outstanding Bonds;
- (ii) reduce the rate of interest borne by any of the outstanding Bonds;
- (iii) reduce the amount of the principal of, redemption premium, if any, or interest on the outstanding Bonds or impose any conditions with respect to such payments;
- (iv) modify the terms of payment of principal of, redemption premium, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (v) affect the right of the Registered Owners of less than all of the Bonds then outstanding; or
- (vi) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment.

(b) Notice of Amendment. If at any time the District shall desire to amend this Bond Order and such amendment requires notice, the District may cause a written notice of the proposed

amendment to be published at least once on a business day in a financial newspaper, journal, or publication of general circulation in the City of New York, New York, or in the State of Texas. If, because of temporary or permanent suspension of the publication or general circulation of all such newspapers, journals, or publications, it is impossible or impractical to publish such notice in the manner provided herein, then such publication in lieu thereof as shall be made by the Registrar shall constitute a sufficient publication of notice. In addition to such publication, the Registrar shall cause a written notice of the proposed amendment to be given by registered or certified mail to Registered Owners of the Bonds as shown on the Registration Books maintained by the Registrar; provided, however, that failure to receive such written notice of the proposed amendment, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding in connection with, or the adoption of, such amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file in the principal office of the Registrar for inspection by all Registered Owners of Bonds.

(c) Consent to Amendment. Whenever at any time not less than 30 days, and within one year, from the date of the first publication of said notice or other services of written notice the District shall receive an instrument or instruments executed by the Registered Owners of a majority in aggregate principal amount of all Bonds then outstanding, which instrument or instruments shall refer to the proposed amendment described in said notice and shall specifically consent to and approve such amendment, the District may adopt the amendment in substantially the same form.

(d) Effect of Amendment. Upon the adoption of any amendatory resolution or other pursuant to the provisions of this Section, this Bond Order shall be deemed to be amended in accordance with such amendment, and the respective rights, duties, and obligations under such amendatory resolution or other of all the Registered Owners shall thereafter be determined and exercised subject in all respects to such amendments.

(e) Consent of Registered Owners. Any consent given by a Registered Owner pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the Bonds during such period. Such consent may be revoked by the Registered Owner who gave such consent at any time after six months from the date of the first giving of such notice, or by a successor in title, by filing notice thereof with the Registrar and the District, but such revocation shall not be effective if the Registered Owners of a majority in aggregate principal amount of the then outstanding Bonds have, prior to the attempted revocation, consented to and approved the amendment.

(f) Amendments Without Consent. Notwithstanding the provisions of (a) through (e) of this Section, and without notice of the proposed amendment and without the consent of the Registered Owners, the District may, at any time, amend this Bond Order to cure any ambiguity or to cure, correct, or supplement any defective or inconsistent provision contained therein, or to make any other change that does not in any respect materially and adversely affect the interest of the Registered Owners, provided that no such amendment shall be made contrary to the provisions of Section 24(a), and a duly certified or executed copy of each such amendment shall be filed with the Registrar.

**SECTION 25. UNAVAILABILITY OF AUTHORIZED PUBLICATION; ALTERNATIVE FORM OF NOTICE.**

(a) If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Bond Order shall be given in such other manner and at such time or times as in the judgment of the District shall most effectively approximate such required publication, and the giving of such notice in such manner shall for all purposes of this Bond Order be deemed to be in compliance with the requirements for publication thereof.

(b) Further, notwithstanding any requirement in this Order seemingly to the contrary, any notice related to this Order may be given by the District through a posting on EMMA. Any notice given by the District in such manner, shall, for all purposes of this Order, be deemed to comply with the requirements, if any, for publication of such notice.

**SECTION 26. NO RECOURSE AGAINST DISTRICT OFFICERS OR DIRECTORS.** No recourse shall be made for the payment of the principal of or interest on the Bonds or for any claim based thereon or on this Bond Order against any officer or director of the District or any person executing the Bonds.

**SECTION 27. PAYING AGENT/REGISTRAR.** The Paying Agent/Registrar shall act as agent for the payment of principal of and interest on the Bonds and shall maintain the Register for the Bonds, all in accordance with the terms of this Bond Order. If the Paying Agent/Registrar or its successors becomes unable for any reason to act as Paying Agent/Registrar hereunder, or if the Board determines that a successor Paying Agent/Registrar should be appointed, a successor Paying Agent/Registrar shall be selected by the District. Any successor Paying Agent/Registrar shall be either a bank, trust company, financial institution, or other entity duly qualified and legally authorized to serve and perform the duties as paying agent and registrar for the Bonds.

**SECTION 28. PAYING AGENT/REGISTRAR MAY OWN BONDS.** The Paying Agent/Registrar, in its individual or any other capacity, may become the owner or pledgee of the Bonds with the same rights it would have if it were not Registrar.

**SECTION 29. BENEFITS OF ORDER PROVISIONS.** Nothing in this Bond Order or in the Bonds, expressed or implied, shall give or be construed to give any person, firm or corporation, other than the District, the Registrar, and the Registered Owners, any legal or equitable right or claim under or in respect to this Bond Order, or under any covenant, condition, or provision herein contained, all the covenants, conditions, and provisions contained in this Bond Order or in the Bonds being for the sole benefit of the District, the Registrar, and the Registered Owners.

**SECTION 30. DISTRICT'S SUCCESSORS AND ASSIGNS.** Whenever in this Bond Order the District is named and referred to, it shall be deemed to include its successors and assigns, and all covenants and agreements in this Bond Order by or on behalf of the District,

except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

**SECTION 31. SEVERABILITY CLAUSE.** If any word, phrase, clause, sentence, paragraph, section, or other part of this Bond Order, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Bond Order and the application of such word, phrase, clause, sentence, paragraph, section, or other part of this Bond Order to any other persons or circumstances shall not be affected thereby.

**SECTION 32. FURTHER PROCEEDINGS.** The President and Secretary of the Board and other appropriate officials of the District are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Bond Order.

**SECTION 33. CONTINUING DISCLOSURE UNDERTAKING.** The District makes the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB through EMMA. Information will be available free of charge by MSRB via EMMA.

(a) Annual Reports. The District shall provide annually to the MSRB, (1) within six (6) months after the end of each fiscal year, financial information and operating data with respect to the District of the general type included in the Official Statement authorized by this Order in Tables 1-9 and APPENDIX A, and (2) if not provided as part of such financial information and operating data, audited financial statements of the District, when and if available. The District shall update such information within six months after the end of each fiscal year. Any financial statements to be provided shall be (i) prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental entities, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the official statement, and (ii) audited, if the District commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District shall file unaudited statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements become available.

If the District changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to documents (i) available to the public on EMMA or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

(b) Significant Event Notices. The District shall submit a notice to the MSRB, in a timely manner (not in excess of ten (10) business days after the occurrence of the event), of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) Adverse tax opinions, 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 status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (xv) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with and by the time required by this Section.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

(c) Limitations, Disclaimers, and Amendments. The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the District in any event will give the notice required by this Section of any Bond calls and defeasance that cause the District to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Registered Owners and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.



UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall comprise a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District, from time to time, to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, or status or type of operations of the District, if (1) the agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Registered Owner of a majority in aggregate principal amount of the outstanding Bonds consent to such amendment or (b) a person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Owner and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions 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. If any such amendment is made, the District will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

**SECTION 34. POWER TO REVISE FORM OF DOCUMENTS.** Notwithstanding any other provision of this Order, the President of the Board is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Order and in the form of the documents attached hereto as exhibits as, in the judgment of the President of the Board, and in the opinion of Bond Counsel to the District, may be necessary or convenient to carry out or assist in carrying out the purposes of this Order, the Offering Documents, or as may be required for approval of the Bonds by the Attorney General; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Bonds or such documents shall be subject to the prior approval of the Board. Without limiting the generality of the foregoing, such revisions, additions, deletions, and variations to this Order and in the form of the documents attached hereto may include the revisions, additions, deletions, and variations, if any, required by the insurer of any municipal bond insurance policy related to the Bonds.

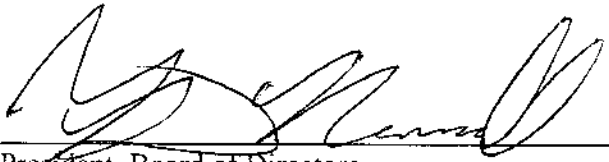
**SECTION 35. PAYMENT OF ATTORNEY GENERAL FEE.** The District hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of public securities and credit agreements, as required by Section 1202.004, Texas Government Code. The appropriate official, employee or agent of the District is hereby instructed to take the necessary measures to make this payment. The District is also authorized to reimburse the appropriate District funds for such payment from proceeds of the Bonds.

**SECTION 36. REPEALER.** All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

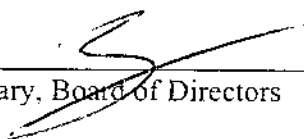
**SECTION 37. EFFECTIVE DATE.** This Order shall be in full force and effect from and upon its adoption.

*[signature page follows]*

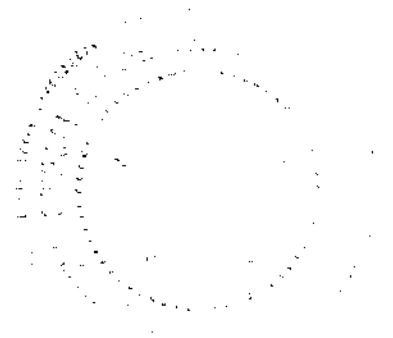
PASSED AND APPROVED December 10, 2020.

  
\_\_\_\_\_  
President, Board of Directors

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)



**EXHIBIT A**  
**FORM OF BOND**

UNITED STATES OF AMERICA  
STATE OF TEXAS

REGISTERED  
NO.

\_\_\_\_\_

REGISTERED  
DENOMINATION  
\$ \_\_\_\_\_

TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT - POINT VENTURE  
UNLIMITED TAX BONDS, SERIES 2020

INTEREST RATE:    MATURITY DATE:    DATE OF BONDS:    CUSIP NO.:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE (the "District"), being a political subdivision of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assign (hereinafter called the "registered owner") the principal amount set forth above, and to pay interest thereon calculated on the basis of a 360-day year of twelve 30-day months, from the date of initial delivery, payable on August 15, 2021 and semiannually on each August 15 and February 15 thereafter to the maturity date specified above, or the date of redemption prior to maturity, at the interest rate per annum specified above; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then its Bond shall bear interest from the date to which such interest has been paid in full. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the District and the securities depository. The date of initial delivery of this bond is the date of this Bond.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity or upon the date fixed for its redemption prior to maturity at the designated office for payment of

BOKF, NA (the “Paying Agent/Registrar”) in Dallas, Texas. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the District required by the order authorizing the issuance of the Bonds (the “Bond Order”) to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on or before each such interest payment date, to the registered owner hereof, at its address on the close of business on the last calendar day of the month next preceding each such date (the “Record Date”) on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 calendar days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if any when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 calendar days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner as it appears on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for payment at the designated office for payment of the Paying Agent/Registrar. The District covenants with the registered owner of this Bond that on or before each principal payment date, interest payment date, and any redemption date for this Bond it will make available to the Paying Agent/Registrar, from the “Interest and Sinking Fund” created by the Bond Order, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

IF THE DATE for any payment due on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the office for payment of the Paying Agent/Registrar is located are authorized by law or executive order to close, or the United States Postal Service is not open for business, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day on which banking institutions are authorized to close, or the United States Postal Service is not open for business; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS BOND is one of a series of Bonds dated as of December 15, 2020 and authorized to be issued pursuant to the Bond Order adopted by the Board of Directors of the District in the principal amount of \$14,500,000 for the purposes authorized by the election held by and for the District on November 5, 2019 (the “Election”) and the Order of the Texas Commission on Environmental Quality authorizing issuance of the Bonds (the “Commission Order”), including paying the costs associated with the following: (i) the construction of wastewater treatment plant improvements; (ii) reclaimed water system improvements; (iii) water and wastewater conveyance

improvements; (iv) drainage improvements; (v) engineering associated with the foregoing; and (vi) the issuance of the Bonds. The Bonds are issued under the authority of the constitution and laws of the State of Texas, including particularly Chapters 49 and 51, the Texas Water Code, the Election, and the Commission Order.

ON AUGUST 15, 2027 OR ON ANY DATE THEREAFTER, the Bonds maturing on and after August 15, 2026, may be redeemed prior to their scheduled maturities, at the option of the District, with funds derived from any available and lawful source, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

NOT LESS THAN THIRTY (30) DAYS prior to a redemption date, a notice of redemption will be sent by U.S. mail, first class postage prepaid, in the name of the District to each registered owner of a Bond to be redeemed in whole or in part at the address of the registered owner appearing on the registration books of the Registrar at the close of business on the business day next preceding the date of mailing. When Bonds or portions thereof have been called for redemption and due provision has been made to redeem the same, the amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the Bonds or portions thereof called for redemption shall terminate on the date fixed for redemption.

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

THE PAYING AGENT/REGISTRAR AND THE DISTRICT, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Bond called for redemption or any other action premised on any such notice. Redemption of portions of the Bond by the District will reduce the outstanding principal amount of such Bonds held by DTC.

IN SUCH AN EVENT, DTC may implement, through its Book-Entry-Only System, a redemption of such Bond held for the account of DTC participants in accordance with its rules or

other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the beneficial owners.

ANY SUCH SELECTION of Bond to be redeemed will not be governed by the Bond Order and will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bond or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the bond for redemption.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denominations of any integral multiple of \$5,000. As provided in the Bond Order, this Bond may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Order. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The Form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the District. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within forty-five (45) calendar days prior to its redemption date.

WHENEVER the beneficial ownership of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT any Paying Agent/Registrar for the Bonds is changed by the District, resigns, or otherwise ceases to act as such, the District has covenanted in the Bond Order that it

promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

THE BONDS are payable from the proceeds of a tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The Bond Order provides that the pledge of taxes to the payment of the Bonds shall terminate at such time, if ever, as money and/or direct obligations of the United States or obligations unconditionally guaranteed by the United States in an amount sufficient to defease the Bonds is deposited with or made available to the Paying Agent/Registrar in accordance with the Bond Order.

THE BONDS are issued pursuant to the Bond Order, whereunder the District covenants to levy a continuing direct annual ad valorem tax, without legal limit as to rate or amount, on taxable property within the District, for each year while any part of the Bonds are considered outstanding under the provisions of the Bond Order, in sufficient amount, together with revenues and receipts available from other sources which are equally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of the principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due the other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax, all as more specifically provided in the Bond Order. Reference is hereby made to the Bond Order for provisions with respect to the operation and maintenance of the District's facilities, the custody and application of funds, remedies in the event of a default hereunder or thereunder, and the other rights of the registered owners of the Bonds. By acceptance of this Bond the registered owner hereof consents to all of the provisions of the Bond Order, a certified copy of which is on file in the office of the District.

THE OBLIGATION to pay the principal of and the interest on this Bond is solely and exclusively the obligation of the District until such time, if ever, as the District is abolished and this Bond is assumed as described above. No other entity, including the State of Texas, any political subdivision thereof other than the District, or any other public or private body, is obligated, directly, indirectly, contingently, or in any other manner, to pay the principal of or the interest on this Bond from any source whatsoever. No part of the physical properties of the District, including the properties provided by the proceeds of the Bonds, is encumbered by any lien for the benefit of the registered owner of this Bond.

THE DISTRICT RESERVES THE RIGHT to issue (i) additional bonds equally secured by a pledge of taxes; (ii) bonds, notes, and other obligations of inferior liens; and (iii) revenue bonds, payable solely from contracts with other persons, including private corporations, municipalities, and political subdivisions to finance facilities needed in performing any such contracts. Reference is made to the Bond Order for a complete description of the right to issue additional obligations.

TO THE EXTENT permitted by and in the manner provided in the Bond Order, the terms and provisions of the Bond Order and the rights of the registered owners of the Bonds may be modified with, in certain circumstances, the consent of the registered owners of a majority in aggregate principal amount of the Bonds affected thereby; provided, however, that, without the consent of the registered owners of all of the Bonds affected, no such modification shall (i) extend



the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of the Bonds required for consent to any such modification.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Bond Order unless this Bond either (a) is registered by the Comptroller of Public Accounts of the State of Texas as evidenced by execution of the registration certificate endorsed hereon or (b) is authenticated as evidenced by execution of the authentication certificate endorsed hereon by the Paying Agent/Registrar.

IT IS HEREBY CERTIFIED, COVENANTED, AND REPRESENTED that all acts, conditions, and things necessary to be done precedent to the issuance of the Bonds in order to render the same legal, valid, and binding obligations of the District have happened and have been accomplished and performed in regular and due time, form, and manner, as required by law; that provision has been made for the payment of the principal of and interest on the Bonds by the levy of a continuing, direct annual ad valorem tax upon all taxable property within the District; and that issuance of the Bonds does not exceed any constitutional or statutory limitation. In the event that any provisions herein contained do or would, presently or prospectively, operate to make any part hereof void or voidable, such provisions shall be without effect or prejudice to the remaining provisions hereof, which shall nevertheless remain operative, and such violative provisions, if any, shall be reformed by a court of competent jurisdiction within the limits of the laws of the State of Texas.

IN WITNESS WHEREOF, the District has caused this Bond to be signed with the manual or facsimile signature of the President or Vice President of the Board of Directors of the District and countersigned with the manual or facsimile signature of the Secretary or Assistant Secretary of the Board of Directors of the District, and has caused the official seal of the District to be duly impressed, or placed in facsimile, on this Bond.

*[Signature page follows]*

**TRAVIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT – POINT  
VENTURE**

---

President, Board of Directors

---

Secretary, Board of Directors

(SEAL)

**COMPTROLLER'S REGISTRATION CERTIFICATE<sup>1</sup>**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. \_\_\_\_\_

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

(SEAL)

\_\_\_\_\_  
<sup>1</sup> To be included on the initial Bond only.

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE<sup>2</sup>**

It is hereby certified that this Bond has been issued under the provisions of the Bond Order described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a Bond, Bonds, or a portion of a Bond or Bonds of a series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

**BOKF, NA**  
Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Representative

---

<sup>2</sup> To be included on each Bond other than the initial Bond.

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_

\_\_\_\_\_  
(Please print or type name, address, and zip code of Transferee)

\_\_\_\_\_  
(Please insert Social Security or Taxpayer Identification Number of Transferee)  
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

\_\_\_\_\_  
attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

Signature Guaranteed:  
\_\_\_\_\_

\_\_\_\_\_  
Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

\_\_\_\_\_  
NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

**INSERTIONS FOR THE INITIAL BOND**

The initial Bond shall be in the form set forth in this Section, except that:

A. immediately under the name of the Bond, the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the words “As shown below” and “CUSIP NO.” shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

“ON THE MATURITY DATE SPECIFIED BELOW, Travis County Water Control and Improvement District - Point Venture (the “District”), being a political subdivision, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the “Registered Owner”) on August 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

YEAR OF MATURITY   PRINCIPAL AMOUNT   INTEREST RATE  
(Information from Section 3 to be inserted)

The District promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the date of initial delivery of this Bond. Interest is payable on August 15, 2021 and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such principal amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.”

C. The initial Bond shall be numbered “T-1.”

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (this “Agreement”), is entered into as of December 10, 2020, by and between Travis County Water Control and Improvement District – Point Venture (the “Issuer”), and BOKF, NA, Dallas, Texas (the “Bank”).

RECITALS OF THE ISSUER

The Issuer has duly authorized and provided for the issuance of its bonds, entitled “Travis County Water Control and Improvement District – Point Venture Unlimited Tax Bonds, Series 2020 (the “Bonds”) to be issued as fully registered bonds;

All things necessary to make the Bonds the valid obligations of the Issuer, in accordance with their terms, will be done upon the issuance and delivery thereof;

The Issuer and the Bank wish to provide the terms under which the Bank will act as Paying Agent to pay the principal, redemption premium (if any) and interest on the Bonds, in accordance with the terms thereof, and under which the Bank will act as Registrar for the Bonds;

The Issuer and the Bank have duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the parties, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE  
APPOINTMENT OF BANK AS  
PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Bonds, to pay to the Registered Owners of the Bonds in accordance with the terms and provisions of this Agreement and the Bond Order, the principal of, redemption premium (if any), and interest, on all or any of the Bonds.

The Issuer hereby appoints the Bank as Registrar with respect to the Bonds.

The Bank hereby accepts its appointment and agrees to act as Paying Agent and Registrar.

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent and Registrar, the Issuer hereby agrees to pay the Bank the fees set forth in the Bank's fee schedule attached as Annex A hereto. The Bank reserves the right to amend the fee schedule at any time, provided the Bank shall have furnished the Issuer with a written copy of such amended fee schedule at least 75 days prior to the date that the new fees are to become effective.

ARTICLE TWO  
DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

“Bank” means BOKF, NA, a national banking association duly organized and existing under the laws of the United States of America.

“Bond” or “Bonds” means any one or all of the “Travis County Water Control and Improvement District – Point Venture Unlimited Tax Bonds, Series 2020.”

“Bond Order” means the order of the Issuer pursuant to which the Bonds are being issued.

“Financial Advisor” means Specialized Public Finance Inc., and its successors.

“Issuer” means the Travis County Water Control and Improvement District – Point Venture.

“Paying Agent” means the Bank when it is performing the function of paying agent.

“Person” means any individual, corporation, partnership, joint venture, associations, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

“Registrar” means the Bank when it is performing the function of registrar.

All other capitalized terms shall have the meanings assigned in the Bond Order.

ARTICLE THREE  
DUTIES OF THE BANK

Section 3.01 Initial Delivery of Bonds. The Bonds will be initially registered and delivered to the purchaser designated by the Issuer as set forth in the Bond Order. If such purchaser delivers a written request to the Bank not later than five business days prior to the date of initial delivery, the Bank will, on the date of initial delivery, exchange the Bonds initially delivered for Bonds of authorized denominations, registered in accordance with the instructions in such request and the Bond Order.

Section 3.02 Duties of Paying Agent. As Paying Agent, the Bank shall, provided adequate funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of, redemption premium, if any, and interest, on each Bond in accordance with the provisions of the Bond Order.

Section 3.03 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.



The Bank is authorized and directed to receive the purchase price of and, if applicable, accrued interest on the Bonds from the underwriter of the Bonds and to transfer said funds relating to the closing and initial delivery of the Bonds in the manner disclosed in the closing memorandum prepared by the Issuer's financial advisor or other agent which is delivered to the Bank by the Issuer. The Bank may act on a facsimile or electronic mail transmission of the closing memorandum acknowledged in writing by the Issuer or the Issuer's financial advisor as the final closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor or the Issuer. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 3.04 Duties of Registrar. The Bank shall provide for the proper registration of the Bonds and the exchange, replacement and registration of transfer of the Bonds, in accordance with the provisions of the Bond Order. The Bank will maintain the books of registration in accordance with the Bank's general practices and procedures in effect from time to time.

Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Holder thereof, or his agent, duly authorized in writing. As a condition to effecting a re-registration, transfer or exchange of the Securities, the Registrar may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

The Issuer hereby instructs the Bank to deliver and issue Bonds in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds as long as the same does not result in an overissuance. The Bank will not be obligated to authenticate a replacement Bond certificate or pay such replacement Bond unless there is delivered to the Bank such security or indemnity as it may require to save both the Bank and the Issuer harmless.

Section 3.05 Unauthenticated Bonds. The Issuer shall provide an adequate inventory of unauthenticated Bonds to facilitate transfers. The Bank covenants that it will maintain such unauthenticated Bonds in safekeeping and will use reasonable care in maintaining such Bonds in safekeeping, which shall be not less than the care it maintains for debt securities of other government entities or corporations for which it serves as registrar, or which it maintains for its own bonds.

Section 3.06 Reports. The Bank will provide the Issuer reports upon request, which reports will describe in reasonable detail all transactions pertaining to the Bonds and the books of registration. The Issuer may also inspect and make copies of the information in the books of registration at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the content of the books of registration to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a subpoena, court order or as otherwise required by law. Upon receipt of a

subpoena, court order or other lawful request, the Bank will notify the Issuer immediately so that the Issuer may contest the subpoena, court order or other request.

Section 3.07 Cancelled Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously authenticated and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Bank. All cancelled Bonds held by the Bank shall be destroyed and evidence of such destruction furnished to the Issuer.

Section 3.08 Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank by the Issuer.

(b) The Bank shall not be liable to the Issuer for actions taken or omissions under this Agreement so long as it acts in good faith without negligence or willful misconduct, with regard to its duties hereunder.

(c) This Agreement is not intended to require the Bank to expend its own funds for performance of any of its duties hereunder.

(d) The Bank may rely and shall be protected by the Issuer against any claim by the Issuer or any other Person in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Bond, but is protected in acting upon receipt of a Bond containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the holder or an agent of the holder. The Bank shall not be bound to make any investigation into the acts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by Issuer.

(e) The Bank may consult with legal counsel, and the written advice of such counsel or any opinion shall be full and complete authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys.

Section 3.09 Money Held by Bank.

The Bank shall be under no obligation to pay interest on any money received by it hereunder.

All money deposited with the Bank hereunder shall be secured in the manner and to the fullest extent required by law for the security of funds of the Issuer.

Any money deposited with the Bank for the payment of the principal, redemption premium (if any) or interest on any Bond and remaining unclaimed by the Registered Owner after the expiration of three years from the date such funds have become due and payable shall be reported and disposed of by the Bank in accordance with the provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended. The Bank shall have no liability to the Registered Owners of the Bonds by virtue of actions taken in compliance with the foregoing provision.

The Bank shall deposit all moneys received from the Issuer into a paying agent trust account to be held for the payment of the Bonds, with such moneys in the account that exceed the deposit insurance available by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on such Bonds have been presented for payment and paid to the Registered Owners.

Section 3.10 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability or expense incurred by the Bank without negligence or bad faith on the Bank's part, arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, including the cost and expense (including the Bank's counsel fees) of defending against any claim or liability in connection with the exercise or performance of any of the Bank's powers or duties under this Agreement.

Section 3.11 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand or controversy over its person as well as funds on deposits, in any Federal or State Court located in the State and County where the administrative offices of the Issuer is located, and agree that service of process by registered mail, return receipt requested, to the address referred to in Section 4.04 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

Section 3.12 Merger, Conversion, Consolidation or Succession. Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto. In case any Bond shall have been registered, but not delivered, by the Bank then in office, any successor by merger, conversion, or

consolidation to such authenticating Bank may adopt such registration and deliver the Bond so registered with the same effect as if such successor Bank had itself registered such Bond.

#### ARTICLE FOUR MISCELLANEOUS PROVISIONS

Section 4.01 May Own Bonds. The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent and Registrar for the Bonds.

Section 4.02 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 4.03 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 4.04 Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown herein, or such other address as may have been given by one party to the other by 15 days written notice.

Section 4.05 Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 4.06 Successors and Assigns. All covenants and agreements herein by the Issuer and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 4.07 Severability. If any provision of this Agreement shall be invalid or unenforceable, the validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

Section 4.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 4.09 Bond Order Governs Conflicts. This Agreement and the Bond Order constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent and Registrar and if any conflict exists between this Agreement and the Bond Order, the Bond Order shall govern.

Section 4.10 Term and Termination. This Agreement shall be effective from and after its date and may be terminated for any reason by the Issuer or the Bank at any time upon 30 days written notice; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder. In the event of early termination regardless of circumstances, the Bank shall deliver to the Issuer or its designee all funds, Bonds and all books and records pertaining to the Bank's role as Paying Agent and Registrar with respect to the Bonds, including, but not limited to, the books of registration.

Section 4.11 Governing Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of Texas.

Section 4.12. U.S. Federal Income Tax Reporting and Withholding.

The Bank shall timely obtain and retain all documents it is required to obtain and retain in connection with the requirements of the Internal Revenue Code of 1986, as amended, and the performance of its duties hereunder, including, without limitation, the obtaining and retaining, to the extent applicable, Forms W-8, W-9, furnished to the Holders. The Bank agrees that it will comply with withholding and information reporting requirements imposed on the Issuer and the Paying Agent in connection with payments on the Bonds, including withholding and backup withholding requirements of the Internal Revenue Code of 1986, as amended, and the issuance of Form 1042-S and 1099 requirements.

The Bank agrees to furnish the Issuer within a timely manner following written request therefore, a statement or statements showing amounts withheld, the dates of remittance to the Internal Revenue Service, the reasons for withholding and such other information or documents as the Issuer may reasonably request concerning such withholding.

Section 4.13 Legislative Contracting Requirements.

In accordance with Section 2271.002, Texas Government Code, the Bank hereby verifies that the Bank nor any wholly owned subsidiary, majority-owned subsidiary, parent Company (as such term is defined in Section 2271.001, Texas Government Code) or affiliate of the Bank: (i) does not Boycott Israel (as such term is defined in Section 2271.001, Texas Government Code) and (ii) subject to or as otherwise required by applicable Federal law or regulation, including, without limitation, 50 U.S.C. Section 4607, will not Boycott Israel during the term of this Agreement.

Pursuant to Section 2252.152, Texas Government Code, neither the Bank nor any wholly owned subsidiary, majority-owned subsidiary, parent Company (as such term is defined in Section 2252.151, Texas Government Code) or affiliate of the Bank is a Company (as such term is defined in Section 2252.151, Texas Government Code) currently listed by the Texas Comptroller of Public Accounts under Sections 806.051, 807.051, or 2252.153 of the Texas Government Code.

Section 4.14 Bank is Publicly Traded.

The Bank hereby warrants and represents to the Issuer that it is a publicly traded business entity or a wholly owned subsidiary of such a business entity.

*[Signature Page Follows]*

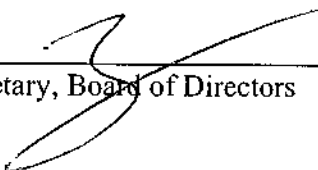
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TRAVIS COUNTY WATER CONTROL AND  
IMPROVEMENT DISTRICT - POINT VENTURE

By:   
\_\_\_\_\_  
President, Board of Directors

Address: c/o Willatt & Flickinger, PLLC  
12912 Hill Country Blvd., Suite F-232  
Austin, Texas 78738

ATTEST:

  
\_\_\_\_\_  
Secretary, Board of Directors

BOKF, NA

By:   
Name: Tony Hongnoi  
Title: Vice President

Address: 5956 Sherry Lane  
Suite 1201  
Dallas, Texas 75225

**SCHEDULE A**  
**FEE SCHEDULE**





Travis County Water Control and Improvement District – Point Venture  
Unlimited Tax Bonds, Series 2020

PAYING AGENT/REGISTRAR

Schedule of Fees

**Acceptance Fee:** **WAIVED**  
For review and coordination of documents and setup of accounts in preparation for closing.

**Annual Administration Fee:** **\$400.00**  
Invoiced semi-annually at \$200.00 with debt service.  
First year’s annual fee due at closing

For ordinary administration services by Paying Agent /Registrar – includes daily routine account management and processing in accordance with the agreement. Float credit received by the bank for receiving funds that remain uninvested are deemed part of the Paying Agent’s compensation.

Call or Redemption of Bonds **At Cost**  
Cost includes distribution to holders of record, redemption processing and notification through DTC. Any and all publication expenses including Bond Buyer, Regional and Financial Periodicals for the call notice will be billed to the Issuer at cost.

Charges for performing extraordinary or other services not contemplated at the time of the execution of the transaction or not specifically covered elsewhere in this schedule will be determined by appraisal in the amounts commensurate with the service provided. Counsel fees, if ever retained as a result of a default, or other extraordinary occurrences on behalf of the bondholders or Bank of Texas, will be billed at cost.

Services not included in this Fee Schedule, but deemed necessary or desirable by you, may be subject to additional charges. Our proposal is subject in all aspects to review and acceptance of the final financing documents which sets forth our duties and responsibilities.

<p><b>Erin Fitzpatrick</b> <b>Vice President</b> <b>Tel: 972.892.9972</b> <a href="mailto:efitzpatrick@bokf.com">efitzpatrick@bokf.com</a></p>	<p><b>BOK Financial</b> <b>Corporate Trust Services</b> <b>5956 Sherry Lane, Suite 1201</b> <b>Dallas, TX 75225</b></p>
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**OFFICIAL STATEMENT**  
**Dated December 10, 2020**

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER “TAX MATTERS” HEREIN, AND WILL NOT BE INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE “TAX MATTERS” HEREIN FOR A DISCUSSION OF BOND COUNSEL’S OPINION, INCLUDING THE ALTERNATIVE MINIMUM TAX CONSEQUENCES.

**Ratings:**  
**S&P: “AA” (Stable Outlook)/Insured**  
**Moody’s: “Baa3”/Uninsured**  
**Insurance: BAM**

**NEW ISSUE – Book-Entry-Only**

**\$14,500,000**

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT – POINT VENTURE**  
*(A Political Subdivision of the State of Texas Located in Travis County, Texas)*  
**UNLIMITED TAX BONDS, SERIES 2020**

**Dated: December 15, 2020**

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

**Interest to accrue from the date of Initial Delivery (as defined below)**

The bonds described above (the “Bonds”) are obligations solely of Travis County Water Control and Improvement District – Point Venture (the “District”) and are not obligations of the State of Texas (“State”), the Village of Point Venture, Travis County (the “County”), Lago Vista Independent School District or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. See “RISK FACTORS.”

**PAYMENT TERMS . . .**Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially BOKF, NA, Austin, Texas (the “Paying Agent” or the “Paying Agent/Registrar”), upon surrender of the Bonds for payment. Interest on the Bonds will accrue from the date of Initial Delivery and will be payable each August 15 and February 15, commencing August 15, 2021, until maturity or prior redemption. Interest on the Bonds will be payable on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in principal denominations of \$5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity as provided on page 2.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.”

**PURPOSE . . .** The proceeds of the Bonds will be used to finance the costs associated with the following: (i) the construction of wastewater treatment plant improvements; (ii) reclaimed water system improvements; (iii) water and wastewater conveyance improvements; (iv) drainage improvements; (v) engineering associated with the foregoing; and (vi) the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) (see “BOND INSURANCE”).

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**CUSIP PREFIX: 894393**  
**MATURITY SCHEDULE**  
**SEE INSIDE COVER PAGE**

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**LEGALITY . . .** The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Orrick Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel. Orrick Herrington & Sutcliffe LLP, Austin, Texas, has also been engaged to serve as disclosure counsel for the offering. See “LEGAL MATTERS.”

**DELIVERY . . .** Delivery of the Bonds is expected through the facilities of DTC on December 29, 2020 (“Initial Delivery”).

## MATURITY SCHEDULE

8/15 Maturity	Principal Amount	Interest Rate	Initial Yield <sup>(a)</sup>	CUSIP Numbers <sup>(b)</sup>
2021	\$ 280,000	4.000%	0.250%	894393FH5
2022	425,000	4.000%	0.300%	894393FJ1
2023	445,000	4.000%	0.400%	894393FK8
2024	460,000	4.000%	0.500%	894393FL6
2025	480,000	4.000%	0.600%	894393FM4
2026	505,000	4.000%	0.700%	894393FN2
2027	525,000	2.000%	0.900%	894393FP7
2028	545,000	1.000%	1.150%	894393FQ5
2029	570,000	1.250%	1.300%	894393FR3
2030	595,000	1.375%	1.450%	894393FS1
2031	620,000	1.500%	1.600%	894393FT9
2032	645,000	1.625%	1.700%	894393FU6
2033	675,000	1.625%	1.750%	894393FV4
2034	700,000	2.000%	1.600%	894393FW2
2035	730,000	2.000%	1.700%	894393FX0
2036	760,000	2.000%	1.800%	894393FY8
2037	1,300,000	2.000%	1.900%	894393FZ5
2038	1,355,000	2.000%	2.000%	894393GA9
2039	1,415,000	2.000%	2.050%	894393GB7
2040	1,470,000	2.000%	2.100%	894393GC5

**(Interest to accrue from the date of Initial Delivery)**

- (a) Initial yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed. Represents the lower of yield to maturity and yield to first optional redemption date.
- (b) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the Initial Purchaser, the District, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

**REDEMPTION PROVISIONS . . .** The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000 of principal amount, those Bonds maturing on and after August 15, 2027 in whole or from time to time in part, on August 15, 2026, 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. See “THE BONDS – Redemption.”

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “APPENDIX C – Specimen Municipal Bond Insurance Policy.”

*[The remainder of this page intentionally left blank]*

*This Official Statement constitutes a “FINAL OFFICIAL STATEMENT” of the District with respect to the Bonds, as that term is defined in Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”).*

*This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the District 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. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.*

*The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.*

*The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described.*

*THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND, CONSEQUENTLY, HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, OR EXEMPTED, SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.*

*NEITHER THE DISTRICT NOR THE FINANCIAL ADVISOR MAKE 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.*

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The cover and inside cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

## SALE AND DISTRIBUTION OF THE BONDS

**AWARD OF THE BONDS . . .** After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Robert W. Baird & Co., Inc. (the “Initial Purchaser”) bearing the interest rates shown on the inside cover page hereof, at a price of approximately 99.141% of the par value thereof which resulted in a net effective interest rate of 2.050747% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the “IBA” method).

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

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

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that it will not be disrupted by negative events including, but not limited to, the current pandemic associated with the COVID-19 virus. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

**SECURITIES LAWS . . .** No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

## MUNICIPAL BOND RATINGS AND INSURANCE

The Bonds are expected to be rated “AA”/Stable by S&P Global Ratings (“S&P”) by virtue of a municipal bond insurance policy issued by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) at the time of delivery of the Bonds. The Bonds have an underlying rating of “Baa3” by Moody’s Investors Service, Inc. (“Moody’s”) without regard to credit enhancement. See “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 DISTRICT**

- THE ISSUER**..... Travis County Water Control and Improvement District – Point Venture (the “District”), a political subdivision of the State of Texas, was created by order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”), effective October 14, 1970 and confirmed pursuant to an election held within the District on September 21, 1970. The District was created for the purpose of providing, operating, and maintaining facilities to control storm water, distribute potable water, collect and treat wastewater and operates pursuant to Chapters 49 and 51 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution, as amended. See “THE DISTRICT – General.”
- LOCATION**..... The District is located in Travis County at the southwestern end of Lohmans Ford Road, approximately 6 miles south of the intersection of FM 1431 and Lohmans Ford Road. The District is located entirely within Travis County and Lago Vista Independent School District and is adjacent to the north shore of Lake Travis.
- The District is currently comprised of approximately 1,002 acres being developed in Travis County as a single-family residential community. See “THE DISTRICT – Location” and “LOCATION MAP.”
- DEVELOPMENT WITHIN THE DISTRICT** ..... Of the approximately 1,002 acres within the District, all acres have been developed. As of October 1, 2020, 843 single-family lots have been developed with utility facilities and 247 lots have yet to be developed. See “THE DISTRICT – Current Status of Development.”

**THE BONDS**

- DESCRIPTION** ..... The Bonds in the aggregate principal amount of \$14,500,000 mature serially in varying amounts on August 15 of each year from 2021 through 2040, inclusive, in the principal amounts set forth on the inside cover page hereof. Interest accrues from the date of Initial Delivery and is payable August 15, 2021 and each February 15 and August 15 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of \$5,000 for any one maturity. See “THE BONDS – General Description.”
- REDEMPTION** ..... The District reserves the right to redeem, prior to maturity, in integral multiples of \$5,000, those Bonds maturing on and after August 15, 2027 in whole or from time to time in part, on August 15, 2026, 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. See “THE BONDS – Redemption.”
- SOURCE OF PAYMENT** ..... Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District, which under Texas law is not legally limited as to rate or amount. See “TAXING PROCEDURES.” **The Bonds are obligations solely of the District and are not obligations of the Village of Point Venture, Lago Vista Independent School District; Travis County, Texas; the State of Texas; or any entity other than the District.** See “THE BONDS – Source of and Security for Payment.”
- PAYMENT RECORD** ..... The District has previously issued six (6) series of bonds, five (5) of which have been fully repaid or defeased. The District has never defaulted in the repayment of such bonds.
- AUTHORITY FOR ISSUANCE** ..... The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas including Chapters 49

and 51 of the Texas Water Code, as amended, a bond election held within the District on November 5, 2019, the approving order of the TCEQ and an order (the “Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds. See “THE BONDS – Authority for Issuance.”

<b>USE OF PROCEEDS</b> .....	The proceeds of the Bonds will be used to finance the costs associated with the following: (i) the construction of wastewater treatment plant improvements; (ii) reclaimed water system improvements; (iii) water and wastewater conveyance improvements; (iv) drainage improvements; (v) engineering associated with the foregoing; and (vi) the costs of issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<b>BONDS AUTHORIZED BUT UNISSUED</b> .....	At an election held within the District on November 5, 2019, the voters within the District approved the issuance of \$14,500,000 in bonds for water, wastewater and drainage facilities. After the sale of the Bonds, the District will not have any remaining in authorized but unissued bonds. See “FINANCIAL STATEMENT – Outstanding Bonds” and “THE BONDS – Future Debt.”
<b>MUNICIPAL BOND RATING AND INSURANCE</b> ....	The Bonds are expected to be rated “AA”/Stable by S&P by virtue of a municipal bond insurance policy issued by Build America Mutual Assurance Company (“BAM” or the “Bond Insurer”) at the time of delivery of the Bonds. The Bonds have an underlying rating of “Baa3” by Moody’s without regard to credit enhancement. See “BOND INSURANCE.”
<b>BOND COUNSEL</b> .....	Orrick Herrington & Sutcliffe LLP, Austin, Texas
<b>GENERAL COUNSEL</b> .....	Willatt & Flickinger, PLLC, Austin, Texas
<b>DISCLOSURE COUNSEL</b> .....	Orrick Herrington & Sutcliffe LLP, Austin, Texas
<b>FINANCIAL ADVISOR</b> .....	Specialized Public Finance Inc., Austin, Texas
<b>ENGINEER</b> .....	Trihydro Corporation, Austin, Texas

### **RISK FACTORS**

The purchase and ownership of the Bonds involve certain risk factors and all prospective purchasers are urged to examine carefully the Official Statement, including particularly the section captioned “RISK FACTORS,” with respect to investment in the Bonds.

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**SELECTED FINANCIAL INFORMATION**  
**(Unaudited as of October 17, 2020)**

2019 Certified Taxable Assessed Valuation .....	\$ 240,629,573	(a)
2020 Certified Taxable Assessed Valuation .....	\$ 252,211,825	(a)
Gross Direct Debt Outstanding .....	\$ 21,020,000	(b)
Estimated Overlapping Debt.....	<u>4,658,305</u>	(c)
Gross Direct Debt Outstanding and Estimated Overlapping Debt .....	\$ 25,678,305	
Ratios of Gross Direct Debt Outstanding to:		
2020 Certified Taxable Assessed Valuation .....	8.33%	
Ratios of Gross Direct Debt Outstanding and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation .....	10.18%	
2020 Tax Rate:		
Debt Service.....	\$ 0.2759	
Maintenance & Operation.....	<u>0.4650</u>	
Total.....	\$ 0.7409	(d)
General Operating Fund Balance as of October 17, 2020 (unaudited).....	\$ 552,218	
Debt Service Fund Balance as of October 17, 2020 (unaudited) .....	\$ 1,030,723	
Capital Projects Fund Balance as of October 17, 2020 (unaudited).....	\$ 25,341	
Average Annual Debt Service Requirement (2021-2040) .....	\$ 1,325,720	(b)
Maximum Annual Debt Service Requirement (2040).....	\$ 1,499,400	(b)
Tax Rates Required to Pay Average Annual Debt Service (2021-2040) at a 95% Collection Rate		
Based upon 2020 Certified Taxable Assessed Valuation.....	\$ 0.5534	
Tax Rates Required to Pay Maximum Annual Debt Service (2040) at a 95% Collection Rate		
Based upon 2020 Certified Taxable Assessed Valuation.....	\$ 0.6258	
Number of Active Connections as of October 1, 2020:		
Total Developed Single Family Lots .....	843	
Projected Single Family Lot Development .....	247	
Estimated Population as of October 1, 2020 .....	2,951	(e)

- (a) Assessed valuation of the District as certified by the Travis Central Appraisal District (“TCAD”). See “TAXING PROCEDURES.”
- (b) Includes the Bonds. See “Table 3 – Debt Service Schedule.”
- (c) See “FINANCIAL STATEMENT – Estimated Overlapping Debt Statement.”
- (d) The District levied a 2020 total tax rate of \$0.7409. See “Table 8 – Tax Collections.”
- (e) Based upon 3.5 residents per completed and occupied single family home.

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**OFFICIAL STATEMENT  
Relating to**

**\$14,500,000**

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT – POINT VENTURE  
(A Political Subdivision of the State of Texas Located in Travis County, Texas)  
UNLIMITED TAX BONDS, SERIES 2020**

**INTRODUCTION**

This Official Statement provides certain information in connection with the issuance by the Travis County Water Control and Improvement District – Point Venture (the “District”), a political subdivision of the State of Texas (the “State”), of its \$14,500,000 Unlimited Tax Bonds, Series 2020 (the “Bonds”).

The Bonds are issued pursuant to an order (the “Bond Order”) adopted by the Board of Directors of the District on the date of the sale of the Bonds, pursuant to Article XVI, Section 59 of the Constitution and general laws of the State, including Chapters 49 and 51 of the Texas Water Code, as amended, a bond election held within the District on November 5, 2019, and the approving order of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”).

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

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District c/o Willatt & Flickinger, PLLC, 12912 Hill Country Boulevard, Suite F-232, Austin, Texas, 78738 or from the District’s Financial Advisor, Specialized Public Finance Inc., 248 Addie Roy Road, Suite B-103, Austin, Texas, 78746, upon payment of reasonable copying, mailing and handling charges.

**THE BONDS**

**GENERAL DESCRIPTION** . . . The Bonds are dated December 15, 2020 and will mature on August 15 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 accrue from the date of Initial Delivery, will be paid on August 15, 2021 and each February 15 and August 15 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 principal denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York, acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is BOKF, NA, Austin, Texas (the “Paying Agent” or “Paying Agent/Registrar”).

**REDEMPTION** . . . The District reserves the right, at its option, to redeem the Bonds maturing on and after August 15, 2027, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000 of principal amount on August 15, 2026, or any date thereafter, at a price of par value plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

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

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

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

Indirect Participants or the persons for whom DTC Participants act as nominees with respect to the payments on the Bonds or the providing of notice to Direct Participants, Indirect Participants, or beneficial owners of the selection of portions of the Bonds for redemption.

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

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

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

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

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

**AUTHORITY FOR ISSUANCE . . .** At an election held within the District on November 5, 2019, voters within the District authorized a total of \$14,500,000 in Unlimited Tax Bonds for water, wastewater and drainage purposes, including, particularly, the purposes for which the Bonds are being issued. After the sale of the Bonds, no bonds will remain authorized but unissued. The Bonds are issued pursuant to the terms and provisions of the Bond Order; Chapters 49 and 51 of the Texas Water Code, as amended; Article XVI, Section 59 of the Texas Constitution; and the above described election. The issuance of the Bonds has been approved by an order of the TCEQ dated October 12, 2020.

**SOURCE OF AND SECURITY FOR PAYMENT . . .** The Bonds will be payable from and secured by a pledge of the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount levied against all taxable property located within the District. The Board covenants in the Bond Order that, while any of the Bonds are outstanding and the District is in existence, it will levy an annual ad valorem tax and will undertake to collect such a tax against all taxable property within the District at a rate from year to year sufficient, full allowance being made for anticipated delinquencies, together with revenues and receipts from other sources which are legally available for such purposes, to pay interest on the Bonds as it becomes due, to provide a sinking fund for the payment of principal of the Bonds when due or the redemption price at any earlier required redemption date, to pay when due any other contractual obligations of the District payable in whole or in part from taxes, and to pay the expenses of assessing and collecting such tax. The net proceeds from taxes levied to pay debt service on the Bonds are required to be placed in a special account of the District designated its "Debt Service Fund" for the Bonds.

The Bonds are obligations solely of the District and are not obligations of the Village of Point Venture, Lago Vista ISD; Travis County, Texas; the State of Texas; or any political subdivision or entity other than the District.

**PAYMENT RECORD . . .** The District has previously issued six (6) series of bonds, five (5) of which have been fully repaid or defeased. The District has never defaulted in the repayment of such bonds.

**FLOW OF FUNDS . . .** The Bond Order creates or confirms the establishment and maintenance by the District of a Debt Service Fund and a Capital Projects Fund.

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

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

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

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

**DEFEASANCE OF OUTSTANDING BONDS . . .** The Bond Order provides that the Bonds may be defeased, redeemed, refunded or discharged in any manner now or hereafter permitted by law. Under current Texas law, such discharge may be accomplished either: (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal of and all interest to accrue on the Bonds to maturity or prior redemption; (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investments earnings thereon, to provide for the payment of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, as applicable, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) any combination of (i) and (ii) above. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Bonds. There is no assurance that the

current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as defeasance securities or those for any other defeasance security will be maintained at any particular rating category.

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

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

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

**ISSUANCE OF ADDITIONAL DEBT . . .** At an election held in the District on November 5, 2019, the voters within the District approved the issuance of \$14,500,000 in bonds for water, wastewater and drainage purposes, including, particularly, the purposes for which the Bonds are being issued. See "FINANCIAL STATEMENT – Authorized But Unissued Bonds." Neither Texas law nor the Bond Order imposes a limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may dilute the security of the Bonds. See "RISK FACTORS." The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. Most additional issuances of Bonds by the District are subject to approval of the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District.

**LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . .** Pursuant to Section 49.186 of the Texas Water Code, bonds, notes or other obligations issued by a water control and improvement 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 water control and improvement district are eligible and lawful security for all deposits of public funds of the State and all agencies, subdivisions and instrumentalities of the State. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds.

The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations, or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the availability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds and as to the acceptability of the Bonds for investment or collateral purposes.

**SPECIFIC TAX COVENANTS . . .** In the Bond Order the District has covenanted with respect to, among other matters, the use of the proceeds of the Bonds and the manner in which the proceeds of the Bonds are to be invested. The District may omit to comply with any such covenant if it has received a written opinion of a nationally recognized bond counsel to the effect that regulations or rulings hereafter promulgated modify or expand provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that such covenant is ineffective or inapplicable or non-compliance with such covenant will not adversely affect the exemption from federal income taxation of interest on the Bonds under Section 103 of the Code.

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

**REMEDIES IN EVENT OF DEFAULT . . .** The Bond Order does not establish specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due, or the District defaults in the observance or performance of any of the covenants, conditions, or obligations of the District, the Bond Order provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no

other available remedy at law to compel performance of the Bonds or the Bond Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, subject to the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 49 Tex. Sup. CT. J. 819 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. Under current law, the TCEQ must authorize the District to proceed with a federal bankruptcy case. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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

**ALTERATION OF BOUNDARIES . . .** In certain circumstances, under Texas law the District may alter its boundaries to: i) upon satisfying certain conditions, annex additional territory; and ii) exclude land subject to taxation within the District that does not need to utilize the service of District facilities if certain conditions are satisfied including the District simultaneously annexes land of at least equal value that may be practicably served by District facilities. Such land substitution is subject to the approval of the TCEQ. No representation is made concerning the likelihood that the District would effect any change in its boundaries or whether such change would adversely affect the security for the Bonds.

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

**AMENDMENTS TO THE BOND ORDER . . .** As described below, under certain circumstances, the District may amend the Bond Order with or without the consent of the registered owners of the Bonds.

*Amendments with Consent.* The owners of a majority in aggregate principal amount of then outstanding Bonds shall have the right from time to time to approve any amendments to the Bond Order; provided however, that, nothing in the Bond Order permits an amendment, without the consent of the owner of each of the outstanding Bonds affected thereby, of the terms and conditions of the Bond Order or the Bonds so as to:

- (i) change debt service requirements, interest payment dates or the maturity or maturities of the outstanding Bonds;
- (ii) reduce the rate of interest borne by any of the outstanding Bonds;
- (iii) reduce the amount of the principal of, redemption premium, if any, or interest on the outstanding Bonds or impose any conditions with respect to such payments;
- (iv) modify the terms of payment of principal of, redemption premium, if any, or interest on the outstanding Bonds, or impose any conditions with respect to such payments;
- (v) affect the right of the registered owners of less than all of the Bonds then outstanding; or
- (vi) decrease the minimum percentage of the principal amount of Bonds necessary for consent to any such amendment.

*Amendments Without Consent.* Notwithstanding the above, and without notice of the proposed amendment and without the consent of the registered owners, the District may, at any time, amend the Bond Order to cure any ambiguity or to cure, correct, or supplement any defective or inconsistent provision contained therein, or to make any other change that does not in any respect materially and adversely affect the interest of the registered owners.

## BOND INSURANCE

**BOND INSURANCE POLICY** . . . Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM” or “Bond Insurer”) 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 APPENDIX C 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.

**BUILD AMERICA MUTUAL ASSURANCE COMPANY** . . . BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: [www.buildamerica.com](http://www.buildamerica.com).

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at [www.standardandpoors.com](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

**CAPITALIZATION OF BAM** . . . BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$505.3 million, \$158.1 million and \$347.2 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at [www.buildamerica.com](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading “BOND INSURANCE.”

**ADDITIONAL INFORMATION AVAILABLE FROM BAM** . . . Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM’s website at [www.buildamerica.com/videos/](http://www.buildamerica.com/videos/). (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

**Credit Profiles.** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM’s website at [www.buildamerica.com/credit-profiles/](http://www.buildamerica.com/credit-profiles/). BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

### **BOND INSURANCE RISK FACTORS**

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 Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, 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 acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest that has been recovered by the District pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction is, subject to the terms and conditions of the Policy, covered by the Policy. However, with respect to optional prepayments that are so recovered, payments will be made by BAM at such time and in such amounts as would have been due absence such prepayment by the District unless BAM 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 BAM without appropriate consent. BAM may direct and must consent to any remedies and BAM's consent may be required in connection with amendments to any applicable bond documents.

In the event BAM 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 pursuant to the applicable bond documents. In the event BAM 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 or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of BAM and its claim paying ability. BAM's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of BAM and of the ratings on the Bonds insured by BAM will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The obligations of BAM are contractual obligations of BAM and in an event of default by BAM, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District nor the Initial Purchaser has made independent investigation into the claims paying ability of BAM and no assurance or representation regarding the financial strength or projected financial strength of BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of BAM, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by BAM and the Policy, which includes further instructions for obtaining current financial information concerning BAM.

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## BOOK-ENTRY-ONLY SYSTEM

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

*The District cannot and does not give any assurance that (i) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (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 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 in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest 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 certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District



as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

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

#### **USE AND DISTRIBUTION OF BOND PROCEEDS**

The proceeds of the Bonds will be used to finance the costs associated with the following: (i) the construction of wastewater treatment plant improvements; (ii) reclaimed water system improvements; (iii) water and wastewater conveyance improvements; (iv) drainage improvements; (v) engineering associated with the foregoing; and (vi) the costs of issuance of the Bonds.

The estimated use and distribution of Bond proceeds is set forth below. Of the proceeds to be received from the sale of the Bonds, \$13,149,250 is estimated to be required for construction costs, and \$1,350,750 is estimated to be required for non-construction costs.

<b>I. <u>CONSTRUCTION COSTS</u></b>	<b><u>District's Share</u></b>
A. Developer Contribution Items – None	
B. District Items	
1. Water Treatment Plant Improvements.....	\$ 5,613,345
2. Reclaimed Water System Improvements .....	1,944,095
3. Conveyance Improvements .....	2,183,800
4. Drainage Improvements .....	190,000
5. Contingencies (20% of Items 1-4).....	1,986,250
6. Engineering (12% of Items 1-4).....	<u>1,231,760</u>
Total District Costs .....	\$ 13,149,250
<b>Total Construction Costs (91% of BIR) .....</b>	<b>\$ 13,149,250</b>
<b>II. <u>NON-CONSTRUCTION COSTS</u></b>	
A. Legal Fees (2.00%) .....	\$ 290,000
B. Fiscal Agent Fees (2.00%) .....	290,000
C. Bond Discount (0.86%).....	124,511
D. Bond Issuance Expenses .....	72,500
E. Bond Application Report .....	217,500
F. Attorney General Fee (0.10%) .....	9,500
G. TCEQ Fee (0.25%) .....	36,250
H. Contingency .....	<u>310,489</u>
<b>Total Non-Construction Costs .....</b>	<b>\$ 1,350,750</b>
<b>TOTAL BOND ISSUE REQUIREMENT .....</b>	<b>\$ 14,500,000</b>

## RISK FACTORS

**GENERAL . . .** The Bonds, which are obligations of the District and are not obligations of the State of Texas; the Village of Point Venture; Travis County, Texas; the Lago Vista Independent School District, or any other political subdivision, will be secured by a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District. See “THE BONDS – Source of and Security for Payment.” The ultimate security for payment of principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The collection by the District of delinquent taxes owed to it and the enforcement by registered owners of the District’s obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of property within the District will accumulate or maintain taxable values sufficient to justify continued payment by property owners or that there will be a market for the property. See “Registered Owners’ Remedies” below.

**INFECTIOUS DISEASE OUTLOOK (COVID-19) . . .** The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the “President”) declared the Pandemic a national emergency and the Texas Governor (the “Governor”) declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the “disaster declarations”). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. These include, for example, the issuance of Executive Orders GA-28 and GA-29 on June 26, 2020 and July 2, 2020, respectively, which, among other things, required Texans to (i) close bars; (ii) reduce maximum restaurant occupancy from 75 percent to 50 percent; (iii) limit outdoor gatherings to 100 people, subject to certain exceptions; and (iv) wear face coverings over the nose and mouth in public or place open to the public when it is not feasible to maintain six feet of social distance, subject to certain conditions. Executive Orders GA-28 and GA-29 will remain in effect and in full force unless modified, amended, rescinded, or superseded by the Governor. Furthermore, the Governor has suspended various statutes of the Texas Open Meetings Act that require government officials and members of the public to be physically present at a specified meeting location. This temporary suspension will allow for telephonic or videoconferencing meetings of governmental bodies that are accessible to the public in an effort to reduce in-person meetings that assemble larger groups of people. In addition, Travis County, within which the District is located, has previously issued “stay home” orders for most citizens except when engaged in specific essential business or government functions. Travis County’s previous “stay home” orders have not prohibited homebuilding activity or the construction of utility facilities within the District. Many of the federal, state, and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affect economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Austin area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District’s operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District’s financial condition.

**FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS . . .** ***Economic Factors and Interest Rates:*** A substantial percentage of the taxable value of the District results from the current market value of single-family residences and developed lots. The market value of such homes and lots is related to general economic conditions affecting the demand for 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 and prospects of the urban

center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values; and thus increase the rate of taxation in the District.

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 are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the area's metropolitan and regional economies.

***Competition:*** The demand for and construction of single-family homes in the District could be affected by competition from other residential developments in western Travis County. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in other neighborhoods that are for sale. Such homes could represent additional competition for new homes proposed to be sold within the District. The competitive position of the Developers in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that additional building and marketing programs in the District by the developers will be implemented or, if implemented, will be successful.

***Developer under No Obligation to the District:*** There is no commitment from, or obligation of, any developer to proceed at any particular rate or according to any specified plan with the construction of homes in the District, and there is no restriction on any landowner's right to sell its land, including any developer. Failure to construct taxable improvements on developed lots and tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon the principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such financial conditions may have on their ability to pay taxes. See "TAX DATA – Principal Taxpayers."

***Impact on District Tax Rates:*** Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of the District property owners to pay their taxes. The 2020 Certified Assessed Valuation is \$252,211,825 (see "FINANCIAL STATEMENT"). After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be \$1,499,400 (2040) and the Average Annual Debt Service Requirement will be \$1,325,720 (2021 through 2040, inclusive). A tax rate of \$0.6258/\$100 assessed valuation, at a 95% collection rate, would be necessary to pay the Maximum Annual Debt Service Requirement of \$1,499,400, and a tax rate of \$0.5534/\$100 assessed valuation at a 95% collection rate would be necessary to pay the Average Annual Debt Service Requirement of \$1,325,720 based upon the 2020 Certified Taxable Assessed Valuation.

**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.

**TAX COLLECTIONS AND FORECLOSURE REMEDIES . . .** The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by cumbersome, time-consuming and expensive collection procedures or market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL STATEMENT – Estimated Overlapping Debt Statement"), by the current aggregate tax rate being levied against the property, and by other factors (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy court could approve a confirmation plan which allows the debtor to make installment payments on delinquent taxes for up to six years and a bankruptcy court may reduce the amount of any taxes assessed against the debtor, including those that have already been paid.

**HOUSING MARKET, VOLATILITY AND RECENT FORECLOSURES . . .** In recent years, disruptions in the housing market have led to a significant number of foreclosures on single family homes. In the District, there was one posted foreclosure on a single-family home by Travis County during calendar year 2020. No assurance can be given whether the number of foreclosures will decrease or increase or that market conditions will improve.

**REGISTERED OWNERS' REMEDIES . . .** In the event of default in the payment of principal of or interest on the Bonds, the registered owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments.

Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interest of the registered owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the registered owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the registered owners may further be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

**BANKRUPTCY LIMITATION TO REGISTERED OWNERS' RIGHTS . . .** The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismissed the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (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 water control and improvement district, such as the District, must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission 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 a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby involving the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be applicable, the concomitant delay and loss of remedies to the registered owners could potentially and adversely impair the value of the registered owner's claim.

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

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

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

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

**MARKETABILITY . . .** The District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price for the Bonds

may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market.

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

**FUTURE DEBT . . .** The District does not anticipate issuing additional debt after the issuance of the Bonds in the next twelve (12) months.

The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of bonds which it may issue. The issuance of additional bonds is subject to approval by the Commission pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See “THE BONDS – Issuance of Additional Debt.” See “FINANCIAL STATEMENT – Unlimited Tax Bonds Authorized But Unissued.”

**GOVERNMENTAL APPROVAL . . .** As required by law, engineering plans, specifications and an estimate of construction costs for the facilities and services to be purchased or constructed by the District with the proceed of the Bonds must be approved by the TCEQ. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” At this time, plans and specifications have not yet been approved by the TCEQ. The TCEQ approved the issuance of the Bonds by an order signed October 12, 2020. In addition the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

**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; and
- 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 municipal utility district or other type of district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and issuance of injunctions as to future compliance of and the ability to operate the district’s water supply, waste water 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 districts. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

*Air Quality Issues.* Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the TCEQ may impact new industrial, commercial and residential development in the Austin area. Under the Clean Air Act (“CAA”) Amendments of 1990, the five-county Austin area (“Austin Area”)—Travis, Hays, Williamson, Bastrop, and Caldwell Counties—has been designated an attainment/unclassifiable area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (“the 1997 Ozone Standards”); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (“the 2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (“the 2015 Ozone Standard”).

Although the Austin Area is currently in attainment, the Austin Area has been and continues to be near the non-attainment thresholds for ozone. Accordingly, it is possible that the Austin Area could be re-classified as a nonattainment area should ozone levels increase. A designation of nonattainment for ozone or any other pollutant could negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. In the past, the Austin Area has entered into agreements with the TCEQ to undertake voluntary actions to help avoid a nonattainment designation. Since 2004, the Austin Area has been party to a curtailment agreement with the TCEQ, and the Austin Area is currently part of an EPA Ozone Advance Program.

In order to comply with the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the Austin Area. It is possible that additional controls will be necessary to allow the Austin Area to maintain attainment with the ozone standards. Such additional controls could have a negative impact on the Austin Area’s economic growth and development.

*Water Supply & Discharge Issues.* Water supply and discharge regulations that utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the Austin Area. A utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. 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 utility district must comply may have an impact on the utility district’s ability to obtain and maintain compliance with TPDES permits.

In addition to the foregoing, special district activities in the Austin Area involving the clearing of acreage and construction within the Edwards Aquifer recharge, transition, and contributing zones are subject to the TCEQ’s Edwards Aquifer Protection Program, which requires a site-specific application, construction plan approval, and the implementation of temporary and permanent structural and non-structural Best Management Practices and the protection of sensitive features. Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the United States.” The District must obtain a permit from the United States Army Corps of Engineers (“USACE”) if operations of the District require that wetlands be filled, dredged, or otherwise altered.

In 2015, the EPA and 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 expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal itself has become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contains a new definition of “waters of the United States.” The stated purpose of the NWPR is to restore and maintain the integrity of the nation’s waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states’ primary authority over land and water resources. The new definition outlines four categories of waters that are considered “waters of the United States,” and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not “waters of the United States,” and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR is effective June 22, 2020 and is currently the subject of ongoing litigation.

Due to existing and possible future litigation, there remains 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 utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

**DROUGHT CONDITIONS** . . . Central Texas, like other areas of the State, frequently experiences extreme drought conditions. The District adopted a water conservation plan and currently has implemented water restrictions for residents of the District. The Lower Colorado River Authority provides water to the District in amounts sufficient to service the residents of the District, however, as drought conditions continue water usage, rates and water revenues could be impacted.

**FORWARD-LOOKING STATEMENTS . . .** The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements.

The forward looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

## THE DISTRICT

**GENERAL . . .** Pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 51 of the Texas Water Code, as amended, the District is subject to the continuing supervision of the TCEQ. The District was created for the purposes of providing, operating, and maintaining facilities to control storm water, distribute potable water, and to collect and treat wastewater. The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may also establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters of the District and the TCEQ, and is located entirely within the corporate limits of the Village of Point Venture. Fire services are provided to residents and property owners of the District by Travis County ESD #1.

**MANAGEMENT . . . *Board of Directors.*** The District is governed by a Board, consisting of six directors, which has control over and management supervision of all affairs of the District. Directors’ terms are four years with elections held within the District on the first Tuesday after the first Monday in November in each even numbered year. All of the directors listed below reside or own property in the District.

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Fred Marshall	President	2022
J. Christopher Lippe	Vice President	2022
Manuel Macias	Secretary	2024
Barry Pasarew	Assistant Secretary	2022
Annette Kikta	Assistant Secretary	2024

**Consultants:**

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

*Operator . . .* Inframark, LLC operates the water and wastewater systems for the District.

*Bookkeeper . . .* Bott & Douthitt, P.L.L.C. is charged with the responsibility of providing bookkeeping services for the District.

*Engineer . . .* The District’s consulting engineer is Trihydro Corporation (the “Engineer”).

*Financial Advisor . . .* Specialized Public Finance Inc. serves as the District’s financial advisor (the “Financial Advisor”). The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

*General Counsel . . .* Willatt & Flickinger, PLLC serves as General Counsel for the District.

*Bond Counsel . . .* Orrick Herrington & Sutcliffe LLP serve as Bond Counsel in connection with the issuance of the District’s Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds.

*Disclosure Counsel . . .* The District employs Orrick Herrington & Sutcliffe LLP, Austin, Texas as Disclosure Counsel. Fees paid to Orrick Herrington & Sutcliffe LLP for Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

**LOCATION . . .** The District is located in Travis County at the southwestern end of Lohmans Ford Road, approximately 6 miles south of the intersection of FM 1431 and Lohmans Ford Road. The District is located entirely within Travis County, Lago Vista

Independent School District and is adjacent to the north shore of Lake Travis. The District is currently comprised of approximately 1,002 acres which is developed in Travis County as a single-family residential community. See "LOCATION MAP."

**UNDEVELOPED ACREAGE . . .** There are approximately 1,090 single-family lots in the District. Of those lots, 843 are currently developed with a home and with an approximately 247 to be developed with a home in the future. The District makes no representation as to when or if development of this acreage will occur. See "– Current Status of Development."

**CURRENT STATUS OF DEVELOPMENT . . .** There are approximately 1,002 acres within the District, all of which have been developed.

The chart below reflects the status of development as of October 1, 2020:

<b>A. Utility Facilities:</b>		
Existing Connections	843	
Projected Connections	247	
<b>Total Residential Developed Sections</b>	1,090	
<b>B. Total Developed Acreage</b>	1,002	
<b>C. Undevelopable Acreage</b>	0	
<b>Total</b>	1,002	

### THE SYSTEM

**REGULATION . . .** The water, wastewater and storm drainage facilities (the "System"), the purchase, acquisition and construction of which will be permanently financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ, Travis County and the Village of Point Venture. According to Trihydro Corporation (the "Engineer"), the plans will be submitted to the regulator/agencies for approval.

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

**WATER SUPPLY AND DISTRIBUTION . . .** The District receives its raw water from Lake Travis pursuant to a contract effective May 23, 2013 with the Lower Colorado River Authority ("LCRA") which allows the District to withdraw and purchase a maximum of 285 acre-feet per year. The District's engineer estimates that this amount of water would be sufficient to serve up to 1,100 ESFCs. At the ultimate buildout, approximately 445 acre-feet per year of raw water will be required. As future growth occurs within the District, the District intends to work with the LCRA on any necessary increases in the raw water supplied to the District by the LCRA. If the District and LCRA were unable to reach an agreement on such an increase, continued development within the District could be delayed or prevented, which could adversely affect the security for the Bonds.

**WASTEWATER COLLECTION AND TREATMENT . . .** The District owns and operates a wastewater treatment plant located in the central portion of the District. The plant uses activated sludge, a complete mix biological treatment to provide secondary treatment, and liquid bleach for disinfection. The existing plant has a design capacity of 150,000 gallons per day. Wastewater generated in the system is conveyed by either gravity mains or force mains to a lift station located at the plant site. The lift station pumps wastewater to the head of the plant where it then gravity flows through the treatment process. Upon treatment, effluent either gravity flows to the effluent holding ponds or is pumped to the wet weather ground storage tank.

The wastewater treatment plant site includes two storage ponds with a total surface area of 26,136 square feet and a capacity of 3.85 acre-feet, and a 3 million gallon, or 9.2 acre-feet, ground storage tank. Treated effluent is disposed of via surface irrigation at the Point Venture Golf Course.

The District's wastewater capacity is capable of serving 882 ESFCs, which is sufficient to serve the 866 ESFCs necessary to support the feasibility of this proposed bond issue.

One of the primary uses of the proceeds of the Bonds is to construct certain improvements to the District's Wastewater Treatment Plant (WWTP). Such improvements include installation of a new WWTP and facility rehabilitation to address the anticipated increase in wastewater flows and deficiencies in organic loading treatment and effluent quality. The plant may consist of components such as screens, equalization basin, biological and tertiary treatment, and sludge management.

**STORM WATER DRAINAGE . . .** The District is located on a peninsula on the west side of Lake Travis. A natural ridge is located near the north-central portion of the District which drains outward to the lake. Elevations range from approximately 865 feet above mean sea level ("msl") near the north side of the District to the current water surface elevation of Lake Travis (approximately 670



feet msl). Storm water runoff drains into roadside swales throughout the District. The swales outfall at various points into Lake Travis.

The District proposes to use a portion of the proceeds of the Bonds to construct various drainage system improvements within the Village of Point Venture in areas that are susceptible to storm water collection and ponding. Such improvements are expected to contain runoff collection and grading improvements.

**100-YEAR FLOOD PLAIN AND STORM DRAINAGE INFORMATION . . .** According to the Engineer, 638 acres within the District are currently located in the floodplain. However, all such land is included in lots that have been developed or are ready for development.

Additionally, there are two (2) sanitary sewer lift stations of the District that are situated within FEMA Flood Zone AE. Flood Zone AE is within the 100-year base flood plain. The District is planning for modifications to raise the lift station floor slab elevations above the base-flood elevation and implement flood-proof structures to prevent overtopping per FEMA regulations. The District is also exploring methods to improve and rehabilitate the lift stations to increase the wastewater collection system efficiency and performance. Additional measures to improve the wastewater collection system include installing inflow-infiltration prevention for existing sanitary sewer manholes in the vicinity of the lift stations.

**WATER, WASTEWATER AND DRAINAGE OPERATIONS:**

**TABLE 1 – RATE AND FEE SCHEDULE**

The Board of Directors establishes rates and fees for water and sewer service, subject to change from time to time. The following schedule sets forth the monthly rates and fees for the District’s water and sewer service which are currently in effect.

Monthly Base Charge – Water: \$17.00 for up to 5,000 gallons

Water Usage Charge

<u>Gallons</u>		
5,001-15,000 Gallons	\$ 3.20	(per 1,000 gallons)
15,001-25,000 Gallons	\$ 3.50	(per 1,000 gallons)
25,001-50,000 Gallons	\$ 4.00	(per 1,000 gallons)
50,001 and over Gallons	\$ 4.50	(per 1,000 gallons)

Monthly Charge(s) – Wastewater: \$ 8.00 Base Fee

Wastewater Usage Charge

<u>Gallons</u>		
0-5,000 Gallons	\$ 1.00	(per 1,000 gallons)
5,001-10,000 Gallons	\$ 1.25	(per 1,000 gallons)

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**TABLE 2 – OPERATING REVENUES AND EXPENSES STATEMENT**

The following statement sets forth in condensed form the consolidated historical operations of the District. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary has been prepared from information obtained from the District’s financial statements and records. Reference is made to such statements for further and more complete information. Also see “APPENDIX A – Excerpts from the Annual Financial Report.”

	Fiscal Year End September 30,				
	2019	2018	2017	2016	2015
<u>Revenues:</u>					
Service Revenues/Penalties	\$ 583,732	\$ 553,465	\$ 594,894	\$ 468,484	\$ 414,442
Property Taxes	592,050	520,427	473,500	429,736	388,050
Interest	9,731	5,921	3,529	1,280	180
Other	111,776	196,751	185,172	191,562	188,740
Total Revenues	<u>\$ 1,297,289</u>	<u>\$ 1,276,564</u>	<u>\$ 1,257,095</u>	<u>\$ 1,091,062</u>	<u>\$ 991,412</u>
<u>Expenditures:</u>					
Personnel Services	\$ 245,015	\$ 599,711	\$ 564,375	\$ 555,229	\$ 518,745
Water	36,062	40,326	35,975	38,138	40,911
Repairs and Maintenance	617,934	277,790	262,422	185,006	196,726
Operations/Management Fees	372,831	-	25,447	17,908	11,164
Lease Payments	13,400	-	8,000	8,000	8,000
Utilities	77,158	77,201	70,328	64,848	64,768
Legal Fees	81,361	30,875	84,086	34,457	39,982
Engineering Fees	34,668	18,443	-	-	-
Accounting Fees	32,324	29,768	-	-	-
Audit Fees	13,500	10,500	-	-	-
Insurance	18,133	16,941	17,321	15,168	12,396
Tax Appraisal/Collection	3,393	3,184	-	-	-
Public Notice	504	819	-	-	-
Administrative	21,659	30,541	45,124	16,323	20,785
Debt Service	19,889	19,889	19,889	19,889	19,889
Capital Outlay	144,315	-	127,477	16,035	42,158
Total Expenditures	<u>\$ 1,732,146</u>	<u>\$ 1,155,988</u>	<u>\$ 1,260,444</u>	<u>\$ 971,001</u>	<u>\$ 975,524</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (434,857)	\$ 120,576	\$ (3,349)	\$ 120,061	\$ 15,888
Beginning Fund Balance	\$ 676,327	\$ 644,027	\$ 595,660	\$ 475,599	\$ 459,711
Other Sources/Uses	-	(88,276)	51,716	-	-
Ending Fund Balance <sup>(a)</sup>	<u>\$ 241,470</u>	<u>\$ 676,327</u>	<u>\$ 644,027</u>	<u>\$ 595,660</u>	<u>\$ 475,599</u>

(a) The unaudited General Fund balance as of October 17, 2020 is \$552,218.

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**TABLE 3 – DEBT SERVICE SCHEDULE**

Fiscal Year Ended 9/30	Outstanding Debt			The Bonds			Total Debt Service
	Principal	Interest	Total	Principal	Interest <sup>(a)</sup>	Total	
2021	\$ 295,000	\$ 193,425	\$ 488,425	\$ 280,000	\$ 201,144	\$ 481,144	\$ 969,569
2022	310,000	187,525	497,525	425,000	309,206	734,206	1,231,731
2023	320,000	181,325	501,325	445,000	292,206	737,206	1,238,531
2024	335,000	171,725	506,725	460,000	274,406	734,406	1,241,131
2025	350,000	161,675	511,675	480,000	256,006	736,006	1,247,681
2026	360,000	151,175	511,175	505,000	236,806	741,806	1,252,981
2027	375,000	140,375	515,375	525,000	216,606	741,606	1,256,981
2028	395,000	129,125	524,125	545,000	206,106	751,106	1,275,231
2029	410,000	117,275	527,275	570,000	200,656	770,656	1,297,931
2030	425,000	104,975	529,975	595,000	193,531	788,531	1,318,506
2031	445,000	92,225	537,225	620,000	185,350	805,350	1,342,575
2032	460,000	78,875	538,875	645,000	176,050	821,050	1,359,925
2033	480,000	65,075	545,075	675,000	165,569	840,569	1,385,644
2034	500,000	50,075	550,075	700,000	154,600	854,600	1,404,675
2035	520,000	34,450	554,450	730,000	140,600	870,600	1,425,050
2036	540,000	17,550	557,550	760,000	126,000	886,000	1,443,550
2037	-	-	-	1,300,000	110,800	1,410,800	1,410,800
2038	-	-	-	1,355,000	84,800	1,439,800	1,439,800
2039	-	-	-	1,415,000	57,700	1,472,700	1,472,700
2040	-	-	-	1,470,000	29,400	1,499,400	1,499,400
	<u>\$ 6,520,000</u>	<u>\$1,876,850</u>	<u>\$8,396,850</u>	<u>\$ 14,500,000</u>	<u>\$ 3,617,544</u>	<u>\$ 18,117,544</u>	<u>\$ 26,514,394</u>

(a) Interest calculated at the rates shown on the inside cover page.

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**FINANCIAL STATEMENT  
(Unaudited)**

**TABLE 4 – ASSESSED VALUE**

2019 Certified Assessed Valuation .....	\$ 240,629,573	(a)
2020 Certified Taxable Assessed Valuation .....	\$ 252,211,825	(a)
Gross Direct Debt Outstanding .....	\$ 21,020,000	(b)
Estimated Overlapping Debt .....	4,658,305	(c)
Gross Direct Debt and Estimated Overlapping Debt .....	\$ 25,678,305	
Ratio of Gross Debt Outstanding to 2020 Certified Assessed Valuation.....		8.33%
Estimated Population as of October 1, 2020:		2,951 <sup>(d)</sup>

- (a) Assessed valuation of the District as certified by the Travis Central Appraisal District (“TCAD”). See “TAXING PROCEDURES.”  
 (b) Includes the Bonds. See “Table 3 – Debt Service Schedule.”  
 (c) See “Estimated Overlapping Debt Statement.”  
 (d) Based upon 3.5 residents per completed and occupied single family home.

**TABLE 5 – UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED**

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Amount Being Issued	Unissued Balance
Water, Sewer, Drainage	11/5/2019	\$ 14,500,000	\$ -	\$ 14,500,000	\$ -
Total		\$ 14,500,000	\$ -	\$ 14,500,000	\$ -

**TABLE 6 – CASH AND INVESTMENT BALANCES<sup>(a)</sup>**

General Fund.....	\$ 552,218
Debt Service Fund.....	\$ 1,030,723
Capital Projects Fund.....	\$ 25,341

(a) Unaudited as of October 17, 2020.

**INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT . . .** Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (the “PFIA”) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meets the requirements of the PFIA; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas; (9) certain bankers’ acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (10) commercial paper with a stated maturity of 270 days or less that is rated at least “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the this paragraph, and

are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than “AAA” or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described below.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District’s name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

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

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

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

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

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

**TABLE 7 – CURRENT INVESTMENTS**

As of October 17, 2020 the District is currently invested in a bank Money Market Fund and TexPool. State law requires the District to mark its investments to market price each calendar quarter and upon the conclusion of each fiscal year, for the purpose of compliance with applicable accounting policies concerning the contents of the District’s audited financial statements.

Investments	Market Value	Total
TexPool	\$ 1,552,669	96.5%
Money Market	55,612	3.5%
	\$ 1,608,282	100.00%

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

Taxing Jurisdiction	Total Tax Supported Debt	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 10-31-20
Travis County	\$ 1,081,470,000	0.09%	\$ 973,323
Lago Vista ISD	34,516,432	10.60%	3,658,742
Travis County ESD #1	270,000	7.29%	19,683
Travis County Healthcare District	7,285,000	0.09%	6,557
Travis County WCID - Point Venture	21,020,000 <sup>(a)</sup>	100.00%	21,020,000
Total Direct and Overlapping Tax Supported Debt			\$ 25,678,304
Ratio of Direct and Overlapping Tax Supported Debt to 2020 Certified TAV			10.18%

(a) Includes the Bonds.

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**TAX DATA**

**TABLE 8 – TAX COLLECTIONS**

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

Fiscal Year Ended 9/30	Tax Rate	General Operating Fund	Debt I&S Fund	Tax Levy	% Total Collections
2017	\$ 0.6253	\$ 0.2615	\$ 0.3638	\$ 1,093,746	97.37%
2018	0.6247	0.2609	0.3638	1,149,506	97.32%
2019	0.6259	0.2655	0.3604	1,275,249	97.44%
2020	0.6409	0.4409	0.2000	1,431,655	97.25%
2021	0.7409	0.4650	0.2759	1,868,637	(a)

(a) In process of collection. Taxes will not become delinquent until February 1, 2021.

**TAX RATE LIMITATION . . .** The District’s tax rate for debt service on the Bonds is legally unlimited as to rate and amount.

**MAINTENANCE TAX . . .** The District has the statutory authority to levy and collect an annual ad valorem tax for maintaining, repairing and operating the District’s facilities and for paying administrative expenses of the District, if such maintenance tax is authorized by the District’s voters. An election for such a tax was held on September 21, 1970 at which time a maintenance tax not to exceed \$1.00 per \$100 assessed valuation was approved by the District’s voters. The District levied a 2020 tax year maintenance tax of \$0.2759 in September 2020 and a debt service rate of \$0.4650.

**TABLE 9 – PRINCIPAL TAXPAYERS . . .** The following list of principal taxpayers was provided by the Travis Central Appraisal District based on the 2020 tax rolls of the District, which reflect ownership as of January 1 of each year shown.

Taxpayer	Taxable Assessed Value	% of 2020 Taxable Assessed Valuation
Rupard, Jefferson Scott	\$ 1,145,419	0.45%
Pearson Family Living Trust	1,057,350	0.42%
Jennlaur Ltd.	1,052,600	0.42%
Saha, Lynn E. & Misty S.	1,040,905	0.41%
Ables, Roy & Pat	977,426	0.39%
Zavala Trust	930,350	0.37%
Retrum, Stanley C. & Janice E.	915,968	0.36%
Taha Custom Homes Inc.	897,294	0.36%
Mach, Thomas John & Kathleen M.	886,400	0.35%
Rupard, Scott & Leslie	854,202	0.34%
	<u>\$ 9,757,914</u>	<u>3.87%</u>

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## TAXING PROCEDURES

**AUTHORITY TO LEVY TAXES . . .** The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “RISK FACTORS – Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under “THE BONDS – Source of and Security for Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its facilities. See “TAX DATA – Maintenance Tax.”

**PROPERTY TAX CODE AND COUNTY-WIDE APPRAISAL DISTRICT . . .** The Texas Property Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized 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 has the responsibility for appraising property for all taxing units within Travis County, including the District. Such appraisal values are subject to review and change by the Travis Central Appraisal Review Board (the “Appraisal Review Board”).

**PROPERTY SUBJECT TO TAXATION BY THE DISTRICT . . . *General:*** Except for certain exemptions provided by State law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; income producing tangible personal property or mineral interest with a taxable value of less than \$500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain non-profit cemeteries, farm products owned by the producer; and certain property owned by qualified charitable, religious, veterans, youth, or fraternal organizations. Goods, wares, ores and merchandise (other than oil, gas, or petroleum products) that are acquired in or imported into the state and forwarded out of state within 175 days thereafter are also exempt. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran if such rating is less than 100%. A veteran who receives a disability rating of 100%, and subject to certain conditions, the surviving spouse of such a veteran is entitled to the exemption for the full amount of the residential homestead. A disabled veteran who has a disability rating of less than 100% is entitled to an exemption equal to the percentage of the veteran’s disability rating for a residence homestead that was donated by a charitable organization to such veteran (i) at no cost to such veteran or (ii) effective January 1, 2018, at some cost to such veteran in the form of a cash payment, a mortgage, or both in an aggregate amount that is not more than 50 percent of the good faith estimate of the market value of the residence homestead made by the charitable organization as of the date the donation is made. Effective January 1, 2018 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. 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 of the surviving spouse.

Also partially exempt are residence homesteads of certain persons who are disabled or at least 65 years old, not less than \$3,000 of appraised value or such higher amount as the Board or the District’s voters may approve. The District’s tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District.

***Residential Homestead Exemptions:*** The Property Tax Code authorizes the governing body of each political subdivision in the State 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 must be adopted by April 30.

***Freeport Goods and Goods-in-Transit Exemption:*** A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such



property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

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

Notwithstanding the above, opinions of the Texas Attorney General cast doubt upon the constitutionality of any reinvestment zone created by a county, including Travis County. Creation of a reinvestment zone by Travis County, therefore, would likely require a constitutional amendment.

**VALUATION OF PROPERTY FOR TAXATION . . .** Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business.

Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

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

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure

for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

**LEVY AND COLLECTION OF TAXES . . .** The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and generally become delinquent if not paid before February 15 of the year following the year in which imposed. 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 for collection costs of an amount (not to exceed twenty percent (20%)) established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount (not to exceed twenty percent (20%)) established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. Additionally, the owner of a residential homestead property that is a person sixty-five (65) years of age or older is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership.

**ROLLBACK OF OPERATION AND MAINTENANCE TAX RATE . . .** During the 86th Regular Legislative Session, Senate Bill 2 (“SB 2”) was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies, certain special purpose districts, including the District, differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified herein as “Special Taxing Units.” Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed can be classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year’s debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year’s debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts: Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District’s adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year’s debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District: The District’s Board of Directors has determined that the District is a Developing District for the 2020 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District’s future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. If the District were to be classified as a Low Tax Rate District or a Developed District in the future, it could be more difficult for the District to raise its operation and maintenance tax rate, which could, in turn, adversely affect the District’s financial condition.

**DISTRICT’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . .** Taxes levied by the District are a personal obligation of the owner of the property on January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District’s tax lien is on a parity with tax liens of such other taxing units. See “FINANCIAL STATEMENT – Estimated Overlapping Debt Statement.” A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem residential homestead property within two years after the purchaser’s deed issued at the foreclosure sale is filed in the county records other property may be redeemed by a taxpayer within 180 days of such filing) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See “RISK FACTORS – Tax Collections and Foreclosure Remedies.”

**EFFECT OF FIRREA ON TAX COLLECTIONS . . .** 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 FDIC when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

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

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

## LEGAL MATTERS

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

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

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

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

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

## **TAX MATTERS**

**TAX EXEMPTION . . .** Delivery of the Bonds is subject to the opinions of Orrick Herrington & Sutcliffe LLP, Austin, Texas, Bond Counsel, that interest on the Bonds will be (1) excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (2) not includable in the alternative minimum taxable income of individuals.

The foregoing opinions of Bond Counsel are based on the Code and the regulations, rulings and court decisions thereunder in existence on the date of issue of the Bonds. Such authorities are subject to change and any such change could prospectively or retroactively result in the inclusion of the interest on the Bonds in gross income of the owners thereof or change the treatment of such interest for purposes of computing alternative minimum taxable income.

In rendering its opinions, Bond Counsel has assumed continuing compliance by the District with certain covenants contained in the Bond Order and has relied on representations by the District with respect to matters solely within the knowledge of the District, which Bond Counsel has not independently verified. The covenants and representations relate to, among other things, the use of Bond proceeds and any facilities finance therewith, the source of repayment of the Bonds, the investment of Bond proceeds and certain other amounts prior to expenditure, and requirements that excess arbitrage earned on the investment of Bond proceeds and certain other amounts be paid periodically to the United States and that the District file an information report with the Internal Revenue Service. If the District should fail to comply with the covenants in the Bond Order or if its representations relating to the Bonds that are contained in the Bond Order should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt or accrual of interest on or acquisition or disposition of the Bonds.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “Service”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the Service is likely to treat the District as the “taxpayer,” and the owners of the Bonds may have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Under the Code, taxpayers are required to provide information on their returns regarding the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. Such prospective purchasers should consult their tax advisors as to the consequences of investing in the Bonds.

**PROPOSED TAX LEGISLATION . . .** Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or

proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

**TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT BONDS...** Some of the Bonds may be offered at an initial offering price which is less than the stated redemption price payable at maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, brokers and similar persons or entities acting in the capacity of wholesalers or underwriters) at such initial offering price, each of the Bonds of that maturity (the "Discount Bond") will be considered to have "original issue discount" for federal income tax purposes equal to the difference between (a) the stated redemption price payable at the maturity of such Discount Bond and (b) the initial offering price to the public of such Discount Bond. Under existing law, such original issue discount will be treated for federal income tax purposes as additional interest on a Bond and such initial owner will be entitled to exclude from gross income for federal income tax purposes that portion of such original issue discount deemed to be earned (as discussed below) during the period while such Discount Bond continues to be owned by such initial owner. Except as otherwise provided herein, the discussion regarding interest on the Bond under the caption "TAX MATTERS – Tax Exemption" generally applies to original issue discount deemed to be earned on a Discount Bond while held by an owner who has purchased such Bond at the initial offering price in the initial public offering of the Bonds and that discussion should be considered in connection with this portion of the Official Statement.

In the event of a redemption, sale, or other taxable disposition of a Discount Bond prior to its stated maturity, however, any amount realized by such initial owner in excess of the basis of such Discount Bond in the hands of such owner (increased to reflect the portion of the original issue discount deemed to have been earned while such Discount Bond continues to be held by such initial owner) will be includable in gross income for federal income tax purposes.

Because original issue discount on a Discount Bond will be treated for federal income tax purposes as interest on a Bond, such original issue discount must be taken into account for certain federal income tax purposes as it is deemed to be earned even though there will not be a corresponding cash payment. Other owners of a Discount Bond may be required to take into account such original issue discount as it is deemed to be earned for purposes of determining certain collateral federal tax consequences of owning a Bond. See "TAX MATTERS – Tax Exemption" for a reference to collateral federal tax consequences for certain other owners.

The characterization of original issue discount as interest is for federal income tax purposes only and does not otherwise affect the rights or obligations of the owner of a Discount Bond or of the District. The portion of the principal of a Discount Bond representing original issue discount is payable upon the maturity or earlier redemption of such Bond to the registered owner of the Discount Bond at that time.

Under special tax accounting rules prescribed by existing law, a portion of the original issue discount on each Discount Bond is deemed to be earned each day. The portion of the original issue discount deemed to be earned each day is determined under an actuarial method of accrual, using the yield to maturity as the constant interest rate and semi-annual compounding.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Discount Bonds by an owner that did not purchase such Bonds in the initial public offering and at the initial offering price may be determined according to rules which differ from those described above. All prospective purchasers of Discount Bonds should consult their tax advisors with respect to the determination for federal, state and local income tax purposes of interest and original issue discount accrued upon redemption, sale or other disposition of such 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 Discount Bonds.

**TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE PREMIUM BONDS . . .** Some of the Bonds may be offered at an initial offering price which exceeds the stated redemption price payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, brokers and similar persons or entities acting in the capacity of wholesales or underwriters) at such initial offering price, each of the Bonds of such maturity (the "Premium Bond") will be considered for federal income tax purposes to have "bond premium" equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable bond premium with respect to the Premium Bonds. The amount of bond premium on a Premium Bond which is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser's original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at a price other than the initial offering price for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

## CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered and beneficial owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”).

**ANNUAL REPORTS** . . . The District will provide certain updated financial information and operating data to the MSRB annually in an electronic format that is prescribed by the MSRB and available via the Electronic Municipal Market Access System (“EMMA”) at [www.emma.msrb.org](http://www.emma.msrb.org). The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables 1 through 9 and in APPENDIX A. The District will update and provide this information within six months after the end of each fiscal year. If audited financial statements are not available when the information is provided, the District will provide audited financial statements when and if they become available and unaudited financial statements within twelve (12) months after fiscal year end, unless audited financial statements are sooner provided. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12, as amended (the “Rule”). The District’s current fiscal year end is September 30<sup>th</sup>. Accordingly, it must provide updated information by the last day of March in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

**EVENT NOTICES** . . . The District will also provide timely notice (not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, 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 status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the District; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information, on or before the date specified above. The District will provide each notice in this paragraph to the MSRB.

As used above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court of governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if jurisdiction has been assumed by leaving the Board and officials or officers of the District in possession but subject to supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Financial obligation in events (15) and (16) described above means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Neither the Bonds nor the Bond Order make any provision for debt service reserves, liquidity enhancement or credit enhancement, except that the Bonds and Bond Order will provide for municipal bond insurance if the Initial Purchaser determines that same should be obtained with respect to the Bonds.

**AVAILABILITY OF INFORMATION** . . . All information and documentation filings required to be made by the District will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings is provided, without charge to the general public, by the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

**LIMITATIONS AND AMENDMENTS** . . . The District has agreed to update information and to provide notices of certain events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to

invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement. The District may amend its disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if (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 registered owners of a majority in aggregate principal amount of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The District may also amend or repeal the provisions of its 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. If the District amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**COMPLIANCE WITH UNDERTAKING . . .** The District has complied with its previous continuing disclosure undertakings for the last five years except as follows: in fiscal year 2016 and 2018, the District failed to provide the required financial information by the required deadline. This information has since been filed along with late notices.

### **FINANCIAL ADVISOR**

The Official Statement was compiled and edited under the supervision of Specialized Public Finance Inc. (the “Financial Advisor”), which firm is currently employed as Financial Advisor to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore such fees are contingent on the sale and delivery of the Bonds. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

### **OFFICIAL STATEMENT**

**PREPARATION . . .** The District has no employees but engages various professionals and consultants to assist the District in the day-to-day activities of the District. See “THE DISTRICT.” The Board of Directors in its official capacity has relied upon the below mentioned experts and sources in preparation of this Official Statement. The information in this Official Statement was compiled and edited by the Financial Advisor. In addition to compiling and editing such information, the Financial Advisor has obtained the information set forth herein under the captions indicated from sources including: Trihydro Corporation; Bott Douthitt, P.L.L.C.; and Willatt & Flickinger, PLLC.

**UPDATING THE OFFICIAL STATEMENT DURING UNDERWRITING PERIOD . . .** If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide and Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the “end of the underwriting period” (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the “end of the underwriting period”), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser, unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds as described in the Notice of Sale under the heading “DELIVERY OF THE BONDS AND ACCOMPANYING DOCUMENTS – Delivery.” The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the “end of the underwriting period” within the meaning of the Rule), unless the Initial Purchaser provides written notice the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the “end of the underwriting period” as defined in the Rule.

**CERTIFICATION AS TO OFFICIAL STATEMENT . . .** The District, acting by and through its Board of Directors in its official capacity in reliance upon the experts listed above, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, description and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no

independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof. Except as set forth in “CONTINUING DISCLOSURE OF INFORMATION” herein, the District has no obligation to disclose any changes in the affairs of the District and other matters described in this Official Statement subsequent to the “end of the underwriting period” which shall end when the District delivers the Bonds to the Initial Purchaser at closing, unless extended by the Initial Purchaser. All information with respect to the resale of the Bonds subsequent to the “end of the underwriting period” is the responsibility of the Initial Purchaser.

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

This Official Statement was approved by the Board of Directors of Travis County Water Control and Improvement District – Point Venture, as of the date shown on the first page hereof.

### MISCELLANEOUS

**RATINGS . . .** The Bonds and outstanding debt of the District have been rated “Baa3” by Moody’s Investors Service, Inc. (“Moody’s”) without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating company, if in the judgment of the 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.

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

/s/ MANUEL MACIAS  
Secretary, Board of Directors  
Travis County Water Control and Improvement District –  
Point Venture

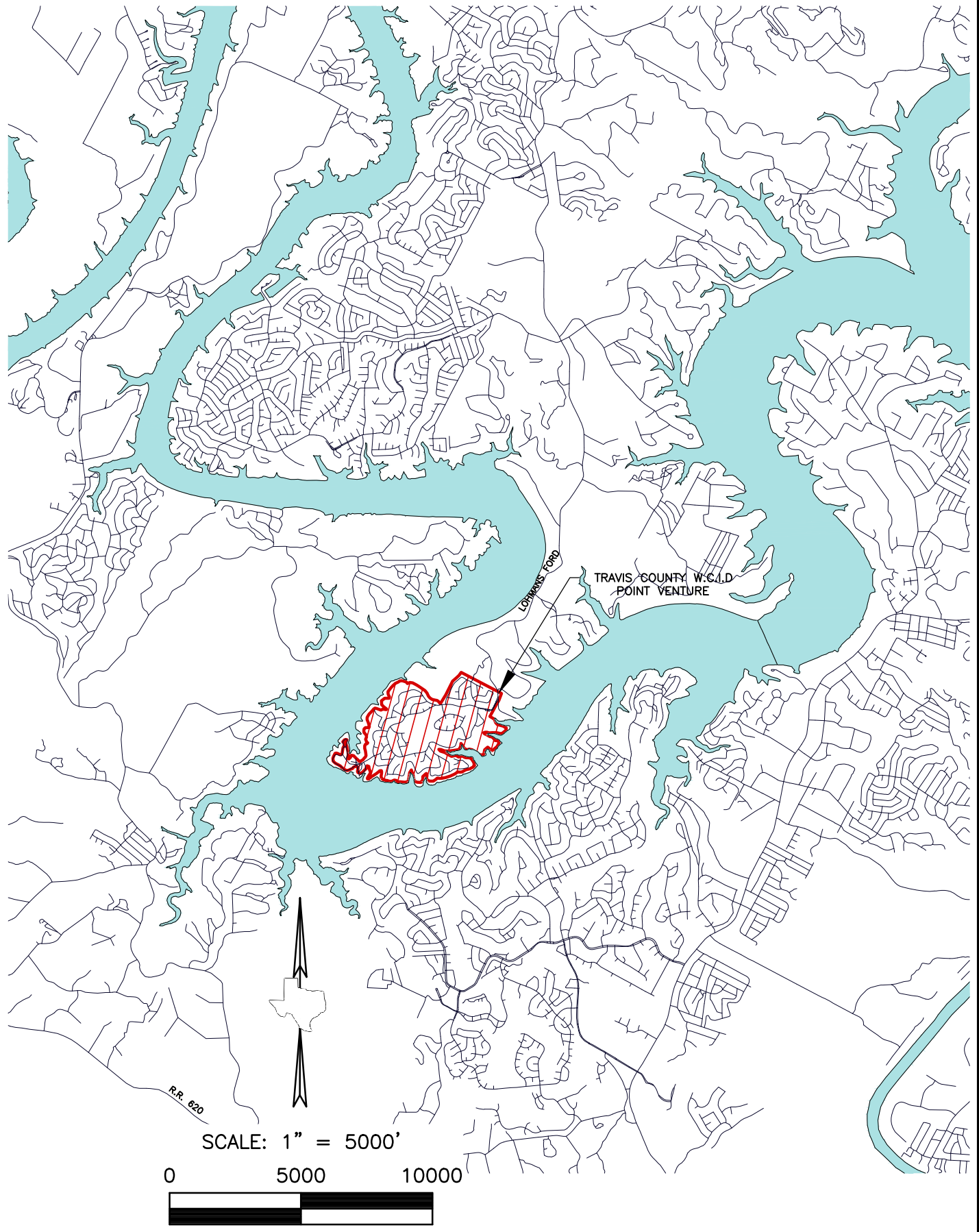
/s/ FRED MARSHALL  
President, Board of Directors  
Travis County Water Control and Improvement District –  
Point Venture



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## LOCATION MAP

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3801 SOUTH 1<sup>st</sup> STREET  
AUSTIN, TEXAS 78704-7047  
PHONE-(512) 442-3008  
FAX-(512) 442-6522

1011 W. COUNTY LINE ROAD, SUITE C  
NEW BRAUNFELS, TEXAS 78130  
PHONE-(830)-626-3588  
FAX-(830)-626-3601

TRAVIS COUNTY W.C.I.D.  
POINT VENTURE

VICINITY MAP

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**APPENDIX A**

**EXCERPTS FROM THE ANNUAL FINANCIAL REPORT**

The information contained in this APPENDIX has been excerpted from the financial statements of Travis County Water Control and Improvement District – Point Venture for the fiscal year ended September 30, 2019, as prepared by the District’s auditor Maxwell Locke & Ritter LLP.

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MAXWELL LOCKE & RITTER LLP

*Accountants and Consultants*  
*An Affiliate of CPAmerica International*  
Tel: (512) 370-3200 Fax: (512) 370-3250  
[www.mlpc.com](http://www.mlpc.com)

Austin: 401 Congress Avenue, Suite 1100  
Austin, TX 78701

Round Rock: 411 West Main Street, Suite 300  
Round Rock, TX 78664

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Travis County Water Control and Improvement District - Point Venture:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Water Control and Improvement District - Point Venture (the "District"), as of and for the year ended September 30, 2019, 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.

### **Auditors' 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.

*Affiliated Company*  
ML&R WEALTH MANAGEMENT LLC  
*"A Registered Investment Advisor"*  
*This firm is not a CPA firm*



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 entity'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, 2019, 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, the budgetary comparison information, the schedule of changes in net pension liability and related ratios, the schedule of district contributions, and the notes to required supplementary information on pages MDA-1 through MDA-7, FS-30, FS-31, FS-32, and FS-33 through FS-34, respectively, 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 supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Texas supplemental information listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Maxwell Locke + Ritter LLP*

Austin, Texas  
January 18, 2020

# TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED SEPTEMBER 30, 2019

In accordance with Governmental Accounting Standards Board Statement No. 34 ("GASB 34"), the management of Travis County Water Control and Improvement District - Point Venture (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2019. Since this information is designed to focus on the 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 nonspendable and unassigned fund balance was \$241,470, a decrease of \$434,857 from the previous fiscal year. General Fund revenues increased from \$1,276,564 in the previous fiscal year to \$1,297,289 in the current fiscal year due to an increase in the District's assessed valuation.
- *Debt Service Fund:* Fund balance restricted for debt service increased from \$687,045 in the previous fiscal year to \$1,021,263 in the current fiscal year. Debt Service Fund revenues increased from \$730,995 in the previous fiscal year to \$818,882 in the current fiscal year due to an increase in the District's assessed valuation.
- *Capital Projects Fund:* Fund balance restricted for capital projects decreased from \$268,635 in the previous fiscal year to \$25,315 in the current fiscal year. The District spent \$250,317 on construction projects during the current fiscal year.
- *Governmental Activities:* On a government-wide basis for governmental activities, the District had expenses net of revenues of \$19,397 in the current fiscal year. Net position decreased from \$3,764,770 to \$3,745,373.

## OVERVIEW OF THE DISTRICT

The District was created, organized and established on October 14, 1970, by the Texas Water Commission pursuant to the provisions of Chapter 51 of the Texas Water Code. 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 Statement No. 14, 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 Statements No. 14 and No. 39 which are included in the District's reporting entity.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT - POINT VENTURE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

**USING THIS ANNUAL REPORT**

This annual report consists of four parts:

1. *Management's Discussion and Analysis* (this section)
2. *Basic Financial Statements*
3. *Required Supplementary Information*
4. *Texas Supplemental Information* (required by the Texas Commission on Environmental Quality (the TSI 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 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 Basic 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 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 and information related to the District's participation in the Texas County and District Retirement System pension plan.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT - POINT VENTURE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

**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
	2019	2018	(Decrease)
Current and other assets	\$ 1,492,003	\$ 2,410,548	\$ (918,545)
Capital and non-current assets	9,127,637	9,150,656	(23,019)
<b>Total Assets</b>	<b>10,619,640</b>	<b>11,561,204</b>	<b>(941,564)</b>
 Deferred Outflows of Resources	 54,148	 10,009	 44,139
 Current Liabilities	 547,247	 1,139,130	 (591,883)
Long-term Liabilities	6,351,948	6,626,998	(275,050)
<b>Total Liabilities</b>	<b>6,899,195</b>	<b>7,766,128</b>	<b>(866,933)</b>
 Deferred Inflows of Resources	 29,220	 40,315	 (11,095)
 Net Investment in Capital Assets	 2,397,399	 2,337,393	 60,006
Restricted	1,017,001	678,244	338,757
Unrestricted	330,973	749,133	(418,160)
<b>Total Net Position</b>	<b>\$ 3,745,373</b>	<b>\$ 3,764,770</b>	<b>\$ (19,397)</b>

The District's net position decreased by \$19,397 to \$3,745,373 from the previous year balance of \$3,764,770. Some of the District's 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 \$330,973 in the current fiscal year.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT - POINT VENTURE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

**Revenues and Expenses:**

Summary Statement of Activities

	Governmental Activities		Change Increase (Decrease)
	2019	2018	
Service revenues	\$ 583,732	\$ 553,465	\$ 30,267
Property taxes	1,402,478	1,252,734	149,744
Other	143,869	246,142	(102,273)
<b>Total Revenues</b>	<b>2,130,079</b>	<b>2,052,341</b>	<b>77,738</b>
Personnel services	231,187	597,864	(366,677)
Operations/management fee	372,831	-	372,831
Repairs/maintenance	617,934	277,790	340,144
Water	36,062	40,326	(4,264)
Professional fees	161,853	89,586	72,267
Other	139,476	133,543	5,933
Debt Service	203,938	212,114	(8,176)
Depreciation/Amortization	386,195	276,321	109,874
<b>Total Expenses</b>	<b>2,149,476</b>	<b>1,627,544</b>	<b>521,932</b>
Change in Net Position	(19,397)	424,797	(444,194)
Beginning Net Position	3,764,770	3,428,249	336,521
Prior Period Adjustment	-	(88,276)	88,276
<b>Ending Net Position</b>	<b>\$ 3,745,373</b>	<b>\$ 3,764,770</b>	<b>\$ (19,397)</b>

Revenues were \$2,130,079 for the fiscal year ended September 30, 2019 while expenses were \$2,149,476. Net position decreased \$19,397.

Property taxes totaled \$1,402,478 for the fiscal year ended September 30, 2019. Included in these taxes are real and personal property taxes which are assessed October 1 and payable before the following January 31.

The District's assessed value in fiscal year 2019 was approximately \$223 million compared to approximately \$199 million in fiscal year 2018. The tax rate is set after reviewing the operating and debt service requirements and appraised values determined by Travis County. The ad valorem tax rate for fiscal years 2019 and 2018 was \$0.6259 and \$0.6247, respectively, per \$100 assessed valuation. The District's primary revenue sources are service account fees and property taxes.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT - POINT VENTURE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

**ANALYSIS OF GOVERNMENTAL FUNDS**

Governmental Funds by Year

	2019	2018
Cash and cash equivalents	\$ 1,359,142	\$ 2,316,027
Receivables and other assets	151,761	605,366
Total Assets	\$ 1,510,903	\$ 2,921,393
Accounts payable	85,988	461,057
Other payables	97,481	795,664
Total Liabilities	183,469	1,256,721
Deferred Inflows of Resources	39,386	32,665
Nonspendable	6,700	-
Restricted	1,046,578	955,680
Assigned	-	359,713
Unassigned	234,770	316,614
Total Fund Balances	1,288,048	1,632,007
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,510,903	\$ 2,921,393

As of September 30, 2019, the District's governmental funds reflect a combined fund balance of \$1,288,048. This fund balance includes a \$434,857 decrease in the General Fund balance.

The Debt Service Fund reflects an increase of \$334,218 in fiscal year 2019. The Debt Service Fund remitted bond principal of \$275,000 and interest of \$204,625 in fiscal year 2019. More detailed information about the District's debt is presented in the *Notes to the Basic Financial Statements*.

The Capital Projects Fund reflects a decrease of \$243,320 in fiscal year 2019. The District spent \$250,317 for construction projects including expansion of the water treatment plant.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT - POINT VENTURE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

**BUDGETARY HIGHLIGHTS**

The General Fund pays for daily operating expenses. On August 25, 2018, the Board of Directors approved a budget for the fiscal year ending September 30, 2019 and later amended it on September 21, 2019. The amended budget included revenues of \$1,277,310 as compared to expenses of \$1,786,023 for fiscal year 2019. When comparing actual to budget, the District had a positive variance of \$73,856. More detailed information about the District's budgetary comparison is presented in the *Required Supplementary Information*.

**CAPITAL ASSETS**

At September 30, 2019, the District's governmental activities had invested \$9,081,819 in land and easements and various other assets. The detail is reflected in the following schedule:

Summary of Capital Assets, net

	<u>9/30/2019</u>	<u>9/30/2018</u>
Land and Easements	\$ 167,042	\$ 167,042
Construction in progress	-	4,806,840
Office equipment	49,075	49,075
Machinery/equipment	518,296	473,296
Building/improvements	356,694	356,694
Distribution system	3,264,295	1,862,754
Water/Wastewater Facilities	9,740,382	5,985,450
Less: Accumulated Depreciation	(5,013,965)	(4,637,719)
Total Net Capital Assets	<u>\$ 9,081,819</u>	<u>\$ 9,063,432</u>

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



**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT  
DISTRICT - POINT VENTURE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED SEPTEMBER 30, 2019**

**LONG TERM DEBT**

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

	<u>Bonds Payable</u>
Series 2016	<u>\$ 6,805,000</u>
Total	<u>\$ 6,805,000</u>

The District owes approximately \$7 million to bond holders. During the year, the principal balance was reduced by \$275,000. More detailed information about the District's long-term debt is presented in the *Notes to the Basic Financial Statements*.

**CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS**

The total net taxable value for the 2019 tax year is approximately \$238 million. The fiscal year 2020 tax rate is \$0.6409 on each \$100 of taxable value. Approximately 69% of the property tax will fund general operating expenses, and approximately 31% of the property tax will be set aside for debt service on the District's bonded debt.

The adopted budget for fiscal year 2020 projects an operating fund balance increase of \$386,959.

**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 Willatt & Flickinger, PLLC, 12912 Hill Country Blvd., Suite F-232, Austin, Texas, 78738.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE**  
**STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET**  
**SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Net Position
<b>ASSETS</b>						
Cash and cash equivalent investments:						
Cash	\$ 95,802	\$ 12,544	\$ 7,585	\$ 115,931	\$ -	\$ 115,931
Cash equivalent investments	216,957	1,008,524	17,730	1,243,211	-	1,243,211
Receivables:						
Service accounts, provision for uncollectible accounts of \$1,132	68,070	-	-	68,070	-	68,070
Taxes, no provision for uncollectible accounts	18,757	20,629	-	39,386	-	39,386
Interfund receivables	18,705	195	-	18,900	(18,900)	-
Prepaid expenses	6,700	-	18,705	25,405	-	25,405
Pension asset, net	-	-	-	-	45,818	45,818
Capital assets, net of accumulated depreciation:						
Land and easements	-	-	-	-	167,042	167,042
Office equipment	-	-	-	-	9,755	9,755
Machinery/equipment	-	-	-	-	125,530	125,530
Building/improvements	-	-	-	-	226,383	226,383
Distribution system	-	-	-	-	1,553,831	1,553,831
Water/wastewater facilities	-	-	-	-	6,999,278	6,999,278
<b>TOTAL ASSETS</b>	<b>\$ 424,991</b>	<b>\$ 1,041,892</b>	<b>\$ 44,020</b>	<b>\$ 1,510,903</b>	<b>9,108,737</b>	<b>10,619,640</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred resource outflow related to TCDRS	-	-	-	-	54,148	54,148
<b>TOTAL DEFERRED OUTFLOWS     OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,148</b>	<b>54,148</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 85,988	\$ -	\$ -	\$ 85,988	-	85,988
Retainage payable	-	-	-	-	-	-
Refundable deposits	78,581	-	-	78,581	-	78,581
Accrued interest payable	-	-	-	-	24,891	24,891
Capital lease payable	-	-	-	-	72,787	72,787
Interfund payables	195	-	18,705	18,900	(18,900)	-
Bonds payable:						
Due within one year	-	-	-	-	285,000	285,000
Due after one year	-	-	-	-	6,351,948	6,351,948
<b>TOTAL LIABILITIES</b>	<b>164,764</b>	<b>-</b>	<b>18,705</b>	<b>183,469</b>	<b>6,715,726</b>	<b>6,899,195</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes	18,757	20,629	-	39,386	(39,386)	-
Deferred resource inflow related to TCDRS	-	-	-	-	29,220	29,220
<b>TOTAL DEFERRED INFLOWS     OF RESOURCES</b>	<b>18,757</b>	<b>20,629</b>	<b>-</b>	<b>39,386</b>	<b>(10,166)</b>	<b>29,220</b>
<b>FUND BALANCES / NET POSITION</b>						
Fund balances:						
Nonspendable	6,700	-	-	6,700	(6,700)	-
Restricted for debt service	-	1,021,263	-	1,021,263	(1,021,263)	-
Restricted for capital projects	-	-	25,315	25,315	(25,315)	-
Unassigned	234,770	-	-	234,770	(234,770)	-
<b>TOTAL FUND BALANCES</b>	<b>241,470</b>	<b>1,021,263</b>	<b>25,315</b>	<b>1,288,048</b>	<b>(1,288,048)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
	<b>\$ 424,991</b>	<b>\$ 1,041,892</b>	<b>\$ 44,020</b>	<b>\$ 1,510,903</b>		
<b>NET POSITION:</b>						
Net investment in capital assets					2,397,399	2,397,399
Restricted for debt service					1,017,001	1,017,001
Unrestricted					330,973	330,973
<b>TOTAL NET POSITION</b>					<b>\$ 3,745,373</b>	<b>\$ 3,745,373</b>

*The accompanying notes are an integral part of this statement.*

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Governmental Funds Total	Adjustments Note 2	Government - Wide Statement of Activities
<b>REVENUES:</b>						
Service revenues, including penalties	\$ 583,732	\$ -	\$ -	\$ 583,732	\$ -	\$ 583,732
Property taxes, including penalties and interest	592,050	803,707	-	1,395,757	6,721	1,402,478
Interest	9,731	15,175	7,176	32,082	-	32,082
Other	111,776	-	11	111,787	-	111,787
<b>TOTAL REVENUES</b>	<b>1,297,289</b>	<b>818,882</b>	<b>7,187</b>	<b>2,123,358</b>	<b>6,721</b>	<b>2,130,079</b>
<b>EXPENDITURES / EXPENSES:</b>						
Current:						
Personnel services	245,015	-	-	245,015	(13,828)	231,187
Water	36,062	-	-	36,062	-	36,062
Repairs/maintenance	617,934	-	-	617,934	-	617,934
Operations/management fee	372,831	-	-	372,831	-	372,831
Lease payments	13,400	-	-	13,400	-	13,400
Utilities	77,158	-	-	77,158	-	77,158
Legal fees	81,361	-	-	81,361	-	81,361
Engineering fees	34,668	-	-	34,668	-	34,668
Accounting fees	32,324	-	-	32,324	-	32,324
Audit fees	13,500	-	-	13,500	-	13,500
Insurance	18,133	-	-	18,133	-	18,133
Tax appraisal/collection	3,393	4,605	-	7,998	-	7,998
Public notice	504	-	-	504	-	504
Administrative	21,659	434	190	22,283	-	22,283
Debt service:						
Principal	17,483	275,000	-	292,483	(292,483)	-
Interest	2,406	204,625	-	207,031	(3,093)	203,938
Capital outlay	144,315	-	250,317	394,632	(394,632)	-
Depreciation/amortization	-	-	-	-	386,195	386,195
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>1,732,146</b>	<b>484,664</b>	<b>250,507</b>	<b>2,467,317</b>	<b>(317,841)</b>	<b>2,149,476</b>
Change in fund balances / net position	(434,857)	334,218	(243,320)	(343,959)	324,562	(19,397)
<b>FUND BALANCES / NET POSITION:</b>						
Beginning of the year	676,327	687,045	268,635	1,632,007	2,132,763	3,764,770
End of the year	<b>\$ 241,470</b>	<b>\$ 1,021,263</b>	<b>\$ 25,315</b>	<b>\$ 1,288,048</b>	<b>\$ 2,457,325</b>	<b>\$ 3,745,373</b>

*The accompanying notes are an integral part of this statement.*

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Travis County Water Control and Improvement District - Point Venture (the "District") relating to the funds included in the accompanying financial statements conform to generally accepted accounting principles ("GAAP") as applied to governmental entities. GAAP 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, organized and established on October 14, 1970, by the Texas Water Commission pursuant to the provisions of Chapter 51 of the Texas Water Code. 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 (the "Board") which has been elected by District residents or appointed by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB Statement No. 14, 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 included in the District's reporting entity. In January 2019, the District terminated all full-time employees and began using external consultants to perform the operations of the District.

**Basis of Presentation - Government-Wide and Fund Financial Statements** - The basic 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. GASB Statement No. 34 also requires as supplementary information the 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 final amended General Fund budget with actual results.

- **Government-Wide Financial Statements**

The District's Statement of Net Position includes both non-current assets and non-current liabilities of the District, which were previously recorded in the General Fixed Assets Account Group and the General Long-Term Debt Account Group. In addition, the government-wide Statement of Activities column reflects amortization and depreciation expense on the District's capital assets, including infrastructure, and original issue discounts.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) -**

- **Government-Wide Statements (continued) -**

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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.
- **Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, debt principal, interest and related costs.
- **Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**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.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) -**

*Basis of Accounting*

- **Governmental Funds**

- **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, deferred outflows of resources, current liabilities, and deferred inflows of resources 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 fund balance. 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 unmatured principal and interest on general obligation long-term debt which is recognized when due. This exception is in conformity with GAAP.

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.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) -**

*Basis of Accounting*

- **Governmental Funds (continued)**

- **Fund Financial Statements (continued)** - 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 balance for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

**Budgets and Budgetary Accounting** - A budget was adopted on August 25, 2018 and later amended on September 21, 2019 for the General Fund on a basis consistent with GAAP. The District’s Board utilizes the budget as a management tool for planning and cost control purposes.

**Cash and Cash Equivalent Investments** - Cash and cash equivalent investments include cash on deposit as well as investments with original maturities of three months or less. The investments, consisting of an external local government investment pool, are recorded at amortized cost.

**Accounts Receivable** - The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management’s evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. The District established an allowance for doubtful accounts of \$1,132 at September 30, 2019.

**Ad Valorem Property Taxes** - Property taxes, penalties, and interest are reported as revenue in the fiscal year in which they become available to finance expenditures of the District. Allowances for uncollectible property taxes are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**Prepaid Expenses** - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements. Prepaid expenses shall be charged to expenditures when consumed.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) -**

**Capital Assets** - Capital assets, which include land and easements, equipment, buildings and improvements, a distribution system, and water and wastewater facilities, are reported in the government-wide column in the Statement of Net Position. Public domain (“infrastructure”) capital assets including distribution systems and water and wastewater facilities, 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.

Capital assets (other than land and easements) are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Infrastructure	30
Building and improvements	10-40
Water and sewer plant	30
Machinery and equipment	5-10
Furniture and fixtures	5
Automobiles and trucks	5

**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.

**Long-Term Debt** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and original issue discounts are deferred over the life of the bonds. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in both the government-wide and the fund financial statements.



**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) -**

**Deferred Outflows and Deferred Inflows of Resources** - The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See Note 12 for additional information on deferred outflows and inflows of resources.

**Pensions** - The fiduciary net position of the Texas County and District Retirement System ("TCDRS") has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Equity** - The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 13 for additional information on those fund balance classifications.

**Accounting Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of 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 WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) -**

**Fair Value Measurements** - The District complies with GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.
- Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

- Market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued) -**

***Recently Adopted Accounting Pronouncements*** - In June 2018, GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 89 is to enhance the relevance and comparability of information about capital assets and to simplify accounting for interest cost incurred before the end of a construction period. Under GASB Statement No. 89, interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. Management has chosen to early implement GASB Statement No. 89 during the year ended September 30, 2019, the effect of which is reflected in the financial statements and within the footnotes.

***Recently Issued Accounting Pronouncements*** - In June 2017, the GASB issued GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019. The objective of GASB Statement No. 87 is to improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB Statement No. 87, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. Management is evaluating the effects that the full implementation of GASB Statement No. 87 will have on its financial statements for the year ended September 30, 2021.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**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		\$ 1,288,048
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets	\$ 14,095,784	
Less: Accumulated depreciation	<u>(5,013,965)</u>	9,081,819
Net pension asset for TCDRS Pension Plan		45,818
Deferred Resource Outflow Related to TCDRS		54,148
Revenue is recognized when earned in the government-wide statements, regardless of availability.		
Governmental funds report deferred inflows of resources for revenues earned but not available.		39,386
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(6,805,000)	
Bond discounts	168,052	
Deferred Resource Inflow Related to TCDRS	(29,220)	
Capital lease payable	(72,787)	
Accrued bond interest payable	<u>(24,891)</u>	<u>(6,763,846)</u>
Total net position		<u>\$ 3,745,373</u>

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**2. RECONCILIATION OF THE GOVERNMENTAL FUNDS (continued) -**

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

Changes in fund balances - governmental funds	\$	(343,959)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report:		
Capital expenditures in year paid	\$	394,632
Bond and capital lease principal in year paid		292,483
Interest expenditures in year paid		3,093
Tax revenue when collected		6,721
		696,929
Governmental funds do not report:		
Depreciation/amortization		(386,195)
Change in TCDRS pension plan net pension asset and related deferred outflows and inflows of resources		13,828
		13,828
Change in net position	\$	(19,397)

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The District's deposits are required to be secured in the manner provided by law for the security of the funds. 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 District's investment policy requires that the District's deposits be fully insured by Federal Deposit Insurance Corporation ("FDIC") insurance or collateralized with obligations of the United States or its agencies and instrumentalities. At September 30, 2019, the carrying amount of the District's deposits was \$115,931 and the bank balance was \$136,675. At September 30, 2019, the District's deposits were fully collateralized by FDIC insurance or by pledged collateral.

The investment policies of the District are governed by Section 2256 of the Texas Government Code (the "Public Funds Investment Act") and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. Major provisions of the District's investment policy, which complies with the Public Funds Investment Act, include: depositories must be FDIC insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; and securities collateralizing time deposits are held by independent third party trustees. The primary objectives of the District's investment strategy, in order of priority, are safety of principal, liquidity, and yield.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued) -**

**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;  
or
- Money market mutual funds with investment objectives of maintaining a stable net asset value of \$1 per share; or
- Mutual funds rated in one of the three highest categories by a nationally recognized rating agency; or
- 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; or
- Public funds investment pools rated AAA or AAAM by a nationally recognized rating agency.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS (continued) -**

At September 30, 2019, the District held the following cash equivalents and investments:

Investment	Fair Value at 9/30/2019	Weighted Average Maturity (Days)	Investment Rating	
			Rating	Rating Agency
TexPool	\$ 1,243,211	1	AAAm	Standard & Poors
	<u>\$ 1,243,211</u>			

The Comptroller of Public Accounts is the sole officer and director of the Texas Treasury Safekeeping Trust Company, which is authorized to operate the Texas Local Government Investment Pool ("TexPool"). Although TexPool is not registered with the SEC as an investment company, they operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. TexPool also has an advisory board to advise on TexPool's investment policy. This board is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors is the investment manager for the pool and manages daily operations of TexPool under a contract with the Comptroller. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act. These investments are stated at amortized cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

In accordance with GASB Statement No. 79, the external local government investment pool does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. This pool does not impose any liquidity fees or redemption gates.

**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.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**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 set the tax rates for the 2019 fiscal year (2018 tax year) on September 22, 2018.

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 2018 tax roll. The 2018 tax rate, based on total taxable assessed valuation of \$223,465,411 was \$0.6259 on each \$100 valuation and was allocated to the General Fund and Debt Service Fund at \$0.2655 and \$0.3604, respectively.

Property taxes receivable at September 30, 2019, consisted of the following:

	General Fund	Debt Service Fund	Total
Current year levy	\$ 4,022	\$ 5,774	\$ 9,796
Prior years' levies	14,735	14,855	29,590
	\$ 18,757	\$ 20,629	\$ 39,386

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



**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**5. INTERFUND ACCOUNTS**

A summary of interfund accounts, which resulted from the time lag between dates that payments are made between funds, is as follows at September 30, 2019:

	Interfund	
	Receivables	Payables
General Fund:		
Debt Service Fund	\$ -	\$ 195
Capital Projects Fund	18,705	-
Debt Service Fund-		
General Fund	195	-
Capital Projects Fund-		
General Fund	-	18,705
	\$ 18,900	\$ 18,900

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**6. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
Capital assets not being depreciated:				
Land and easements	\$ 167,042	\$ -	\$ -	\$ 167,042
Construction in progress	4,806,840	-	(4,806,840)	-
Total capital assets not being depreciated	4,973,882	-	(4,806,840)	167,042
Capital assets being depreciated:				
Office equipment	49,075	-	-	49,075
Machinery/equipment	473,296	45,000	-	518,296
Building/improvements	356,694	-	-	356,694
Distribution system	1,862,754	1,401,541	-	3,264,295
Water/Wastewater Facilities	5,985,450	3,754,932	-	9,740,382
Total capital assets being depreciated	8,727,269	5,201,473	-	13,928,742
Less accumulated depreciation for:				
Office equipment	(34,873)	(4,447)	-	(39,320)
Machinery/equipment	(356,615)	(36,151)	-	(392,766)
Building/improvements	(121,801)	(8,510)	-	(130,311)
Distribution system	(1,652,879)	(57,585)	-	(1,710,464)
Water/Wastewater Facilities	(2,471,551)	(269,553)	-	(2,741,104)
Total accumulated depreciation	(4,637,719)	(376,246)	-	(5,013,965)
Capital assets being depreciated, net	4,089,550	4,825,227	-	8,914,777
Total capital assets, net of accumulated depreciation	\$ 9,063,432	\$ 4,825,227	\$ -	\$ 9,081,819

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**7. CAPITAL LEASE**

The District entered into a capital lease agreement with Government Capital Corporation (which assigned the contract to Community Bank of Louisiana) for the purchase of electronic meters for \$173,641. The capital lease is payable in ten annual installments of \$19,889 (including interest at 2.6%).

A summary of the future minimum lease payments under the lease, along with the present value of the minimum lease payments, as of September 30, 2019 is as follows:

Year Ended September 30		
2020	\$	19,889
2021		19,889
2022		19,889
2023		19,889
Total Minimum Lease Payments		79,556
Less: Amount Representing Interest		(6,769)
Present Value of Lease Payments	\$	72,787

**8. LONG-TERM DEBT**

The following is a summary of bond transactions of the District as of and for the year ended September 30, 2019:

	Unlimited Tax Bonds
Bonds payable at September 30, 2018	\$ 7,080,000
Bonds issued	-
Bonds retired	(275,000)
Bonds discounts, net of accumulated amortization	(168,052)
Bonds payable at September 30, 2019	\$ 6,636,948

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**8. LONG-TERM DEBT (continued) -**

Bonds payable at September 30, 2019, were comprised of the following issues:

**Unlimited Tax Bonds:**

\$6,805,000 - 2016 Unlimited Tax Bonds payable serially through the year 2036 at interest rates which range from 2.00% to 3.25%.

The annual requirements to amortize all bonded debt at September 30, 2019, including interest, are as follows:

Year Ended September 30,	Annual Requirements for All Series		
	Principal	Interest	Total
2020	\$ 285,000	199,125	\$ 484,125
2021	295,000	193,425	488,425
2022	310,000	187,525	497,525
2023	320,000	181,325	501,325
2024	335,000	171,725	506,725
2025 - 2029	1,890,000	699,625	2,589,625
2030 - 2034	2,310,000	391,225	2,701,225
2035 - 2036	1,060,000	52,000	1,112,000
	<u>\$ 6,805,000</u>	<u>\$ 2,075,975</u>	<u>\$ 8,880,975</u>

\$1,021,263 is available in the Debt Service Fund to service the bonded debt as of September 30, 2019.

**9. 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 cash and cash equivalent investments held in the Capital Projects Fund, subject to approval by the Texas Commission on Environmental Quality, or from operations.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**10. 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.

**11. INSURANCE**

All regular employees of the District were eligible under the group hospitalization and life insurance program provided by the District through Blue Cross Blue Shield. The District paid the premium for eligible employees. Effective January 2019, the District terminated all full-time employees.

**12. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The District provides retirement, disability, and death benefits for all of its non-temporary full-time employees through a nontraditional defined benefit pension plan administered by the TCDRS. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 781 active participating counties and districts throughout Texas. TCDRS in the aggregate issues a comprehensive annual financial report (“CAFR”) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas State statutes governing TCDRS (“TCDRS Act”). Members can retire at age 60 and above with 5 or more years of service but must leave their accumulated contributions in the plan to receive any employer-finance benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**12. DEFINED BENEFIT PENSION PLAN (continued) -**

**Benefits Provided**

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and the employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act, so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employee membership data related to the Plan, as of the valuation date of December 31, 2018, was as follows:

Retirees and beneficiaries currently receiving benefits	1
Terminated employees entitled to but not yet receiving benefits	6
Active plan members	9
Total	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100px;"></div>

**Contributions**

The District has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The District contributed using the actuarially determined rate for the year ended December 31, 2018 of 2.5% for 2019 as adopted by the governing body of the District. The employee contribution rate was 5.00%. The employee contribution rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act. The required contribution for the year ended September 30, 2019 equaled \$3,206. In January 2019, the District terminated all full-time employees and began using external consultants to perform the operations of the District. The District made a payment of \$18,000 in March 2019 to fully complete its funding of the retirement plan. Upon receipt of that payment, TCDRS assumed responsibility for the plan and the District no longer had a financial obligation.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**12. DEFINED BENEFIT PENSION PLAN (continued) -**

**Net Pension Asset**

Actuarial Assumptions

The District's net pension asset was measured as of December 31, 2018 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial Cost Method	Individual Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	0.0 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the District are not considered to be automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retirement by gender: low of 4.5% for age 40-44 to high of 25.0% for age 65-66 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**12. DEFINED BENEFIT PENSION PLAN (continued) -**

Mortality:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Tables for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

Long-Term Expected Rate of Return

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017.



**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
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**12. DEFINED BENEFIT PENSION PLAN (continued) -**

Asset Class	Benchmark	Target Allocation (a)	Geometric Real Rate of Return (Expected minus Inflation) (b)
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (c)	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	7.00%	5.95%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index (d)	2.00%	7.20%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (e)	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**12. DEFINED BENEFIT PENSION PLAN (continued) -**

- (a) Target asset allocation adopted at the April 2019 TCDRS Board meeting.
- (b) Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.
- (c) Includes vintage years 2006-present of Quarter Pooled Horizon internal rates of return.
- (d) Includes vintage years 2005-present of Quarter Pooled Horizon internal rates of return.
- (e) Includes vintage years 2007-present of Quarter Pooled Horizon internal rates of return.

Discount Rate

The discount rate used to measure the total pension liability was 8.10%. This rate reflects the long-term rate of return funding valuation assumption of 8.00%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB 68. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

**12. DEFINED BENEFIT PENSION PLAN (continued) -**

**Changes in Net Pension Asset**

Changes in the District's net pension asset for the valuation year ended December 31, 2018 are as follows:

	Total Pension Liability	Increase (Decrease) Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance as of December 31, 2017	\$ 441,797	\$ 529,021	\$ (87,224)
Changes for the year:			
Service cost	27,547	-	27,547
Interest on total pension liability (1)	37,328	-	37,328
Effect of plan changes (2)	-	-	-
Effect of economic/demographic gains or losses	(4,644)	-	(4,644)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(15,148)	(15,148)	-
Benefit payments	(2,209)	(2,209)	-
Administrative expenses	-	(426)	426
Member contributions	-	19,022	(19,022)
Net investment income	-	(9,730)	9,730
Employer contributions	-	9,571	(9,571)
Other (3)	-	388	(388)
Balance as of December 31, 2018	<u>\$ 484,671</u>	<u>\$ 530,489</u>	<u>\$ (45,818)</u>

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
- (2) No plan changes valued.
- (3) Relates to allocation of system-wide items.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**12. DEFINED BENEFIT PENSION PLAN (continued) -**

**Sensitivity Analysis**

The following presents the net pension asset of the District, calculated using the discount rate of 8.10%, as well as what the District's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>7.10%</u>	<u>8.10%</u>	<u>9.10%</u>
Total pension liability	\$ 546,293	\$ 484,671	\$ 431,845
Fiduciary net position	<u>530,489</u>	<u>530,489</u>	<u>530,489</u>
Net pension liability / (asset)	<u>\$ 15,804</u>	<u>\$ (45,818)</u>	<u>\$ (98,644)</u>

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended September 30, 2019, the District recognized pension expense of \$7,378. As of September 30, 2019, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 201	\$ 29,220
Changes of assumptions	2,080	-
Net difference between projected and actual earnings	33,123	-
Contributions made subsequent to measurement date	<u>18,744</u>	<u>-</u>
Total	<u>\$ 54,148</u>	<u>\$ 29,220</u>

The \$18,744 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2020.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**12. DEFINED BENEFIT PENSION PLAN (continued) -**

The remaining amounts currently reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense Amount
Year ended September 30:	
2020	\$ 4,782
2021	(2,969)
2022	(3,655)
2023	8,759
2024	(733)
	\$ 6,184

**13. FUND BALANCES**

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

- Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.
- Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.
- Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board. The District had no such amounts.
- Assigned - For the General Fund, amounts that are appropriated by the Board that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed. The District had no such amounts.
- Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2019**

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**13. FUND BALANCES (continued) -**

The detail of the fund balances are included in the Governmental Funds Balance Sheet on page FS-1.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board may also assign fund balance for a specific purpose.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

**14. LEASE OBLIGATION**

In May 2019, the District entered into a lease agreement with AUC Group for a temporary flow equalization basin and related equipment with the effective start date of the lease as August 2019. The initial term of the lease is thirty-six months and lease payments of \$6,700 are due monthly. The remaining minimum lease payments of the lease is \$227,800.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2019**

	Actual	Original Budget	Amended and Final Budget	Variance Positive (Negative)
<b>REVENUES:</b>				
Service revenues, including penalties	\$ 583,732	\$ 572,421	\$ 572,421	\$ 11,311
Property taxes, including penalties and interest	592,050	590,091	590,091	1,959
Interest	9,731	4,740	4,740	4,991
Other	111,776	197,058	110,058	1,718
<b>TOTAL REVENUES</b>	<u>1,297,289</u>	<u>1,364,310</u>	<u>1,277,310</u>	<u>19,979</u>
<b>EXPENDITURES:</b>				
Current:				
Personnel services	245,015	732,836	247,836	2,821
Water	36,062	42,830	42,830	6,768
Repairs/maintenance	617,934	332,965	648,965	31,031
Operations/management fees	372,831	-	373,000	169
Lease payments	13,400	-	-	(13,400)
Utilities	77,158	88,688	88,688	11,530
Legal fees	81,361	20,000	80,000	(1,361)
Engineering fees	34,668	100,000	50,000	15,332
Accounting fees	32,324	36,950	36,950	4,626
Audit fees	13,500	13,500	13,500	-
Insurance	18,133	20,849	20,849	2,716
Tax appraisal/collection	3,393	6,200	6,200	2,807
Public notice	504	3,160	3,160	2,656
Administrative	21,659	34,045	20,045	(1,614)
Amortization	-	8,000	-	-
Debt service:				
Principal	17,483	-	-	(17,483)
Interest	2,406	-	-	(2,406)
Capital outlay	144,315	284,000	154,000	9,685
<b>TOTAL EXPENDITURES</b>	<u>1,732,146</u>	<u>1,724,023</u>	<u>1,786,023</u>	<u>53,877</u>
Change in fund balance	(434,857)	<u>\$ (359,713)</u>	<u>\$ (508,713)</u>	<u>\$ 73,856</u>
<b>FUND BALANCE:</b>				
Beginning of the year	<u>676,327</u>			
End of the year	<u>\$ 241,470</u>			

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
SEPTEMBER 30, 2019**

	Year Ended December 31, 2018*	Year Ended December 31, 2017*	Year Ended December 31, 2016*	Year Ended December 31, 2015*
<b>Total Pension Liability</b>				
Service cost	\$ 27,547	\$ 31,052	\$ 31,409	\$ 28,621
Interest on total pension liability	37,328	36,795	32,509	30,218
Effect of plan changes	-	-	-	(4,215)
Effect of assumption changes or inputs	-	1,181	-	2,743
Effect on economic/demographic (gains) or losses	(4,644)	(32,551)	321	(11,639)
Benefit payments/refunds of contributions	(17,357)	(35,083)	(19,202)	(19,851)
Net change in total pension liability	42,874	1,394	45,037	25,877
Total pension liability, beginning	441,797	440,403	395,366	369,489
Total pension liability, ending (a)	\$ 484,671	\$ 441,797	\$ 440,403	\$ 395,366
<b>Fiduciary Net Position</b>				
Employer contributions	\$ 9,571	\$ 8,611	\$ 12,936	\$ 13,104
Member contributions	19,022	18,243	19,482	18,618
Investment income net of investment expenses	(9,730)	68,375	31,398	(4,347)
Benefit payments/refunds of contributions	(17,357)	(35,083)	(19,202)	(19,851)
Administrative expenses	(426)	(352)	(341)	(303)
Other	388	(113)	2,542	(21)
Net change in fiduciary net position	1,468	59,681	46,815	7,200
Fiduciary net position, beginning	529,021	469,340	422,525	415,325
Fiduciary net position, ending (b)	\$ 530,489	\$ 529,021	\$ 469,340	\$ 422,525
Net pension liability / (asset), ending = (a) - (b)	\$ (45,818)	\$ (87,224)	\$ (28,937)	\$ (27,159)
Fiduciary net position as a % of total pension liability	109.45%	119.74%	106.57%	106.87%
Pensionable covered payroll	\$ 380,436	\$ 364,865	\$ 389,639	\$ 372,363
Net pension liability as a % of covered payroll	-12.04%	-23.91%	-7.43%	-7.29%

\* Schedule is intended to show information for 10 years.  
Additional years will be displayed as they become available.



**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT - POINT VENTURE  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
SEPTEMBER 30, 2019**

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Year Ending September 30 **	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Pensionable Covered Payroll *	Actual Contribution as a % of Covered Payroll
2016	13,039	13,039	-	389,345	3.3%
2017	9,757	9,757	-	369,803	2.6%
2018	9,196	9,196	-	371,318	2.5%
2019	3,206	21,206	(18,000) ***	128,280	16.5%

\* Payroll is calculated based on contributions as reported to TCDRS.

\*\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\*\*\* See Note 12 for additional payment made by the District.

**TRAVIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT -  
POINT VENTURE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2019**

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**1. METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

The following methods and assumptions were used to determine the contributions rates:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported
Actuarial Cost Method	Individual Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	0.0 years
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation
Investment Rate of Return	8.10%
Cost-of-Living Adjustments	Cost-of-Living Adjustments for the District are not considered to be automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB 68 calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Between ages 40 and 74 with various rates of service retirement by gender: low of 4.5% for age 40-44 to high of 25.0% for age 65-66 for males and females
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality:	
Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Tables for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Disabled retirees	130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

## 2. CHANGE IN ASSUMPTIONS

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

**APPENDIX B**

**FORM OF BOND COUNSEL'S OPINION**

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December 29, 2020

Travis County Water Control and Improvement District - Point Venture  
Unlimited Tax Bonds, Series 2020

We have acted as Bond Counsel for Travis County Water Control and Improvement District - Point Venture (the "District") in connection with the issuance of its Unlimited Tax Bonds, Series 2020 (the "Bonds"), dated December 15, 2020, in the aggregate principal amount of \$14,500,000. The Bonds are authorized by an order adopted by the Board of Directors of the District on December 10, 2020 (the "Order"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Order.

We have acted as Bond Counsel 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 of interest on the Bonds from gross income under federal income tax law. In such capacity, we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Bonds, as described in the Order. The transcript contains certified copies of certain proceedings of the District; the tax certificate of the District (the "Tax Certificate"); certain certifications and representations and other material facts within the knowledge and control of the District and others, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds. We have also examined executed Bond No. T-1 of this issue.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Order and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Order and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not



include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds constitute valid and legally binding obligations of the District enforceable in accordance with the terms and conditions thereof;
2. The Bonds are payable, both as to principal and interest, from and secured by, the proceeds of a continuing annual ad valorem tax, levied without limit as to rate or amount, upon all taxable property located within the District, which taxes have been pledged irrevocably to pay the principal of and interest on the Bonds; and
3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

ORRICK, HERRINGTON & SUTCLIFFE LLP

**APPENDIX C**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**



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