

PRELIMINARY OFFICIAL STATEMENT DATED JULY 17, 2020

This Preliminary Official Statement is subject to completion and amendment. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Underwriter.

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS – QUALIFIED TAX-EXEMPT OBLIGATIONS"

NEW ISSUE – Book Entry Only

**Rating (underlying): S&P "BBB+"
See "MUNICIPAL BOND
INSURANCE AND RATING" herein**

\$3,220,000*

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

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

UNLIMITED TAX REFUNDING BONDS, SERIES 2020

Dated: September 1, 2020

Due: September 1, as shown below

Principal of the above described bonds (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially UMB, N.A. (the "Paying Agent/Registrar"), in Austin, Texas. Interest on the Bonds will accrue from September 1, 2020 and be payable on March 1, 2021 and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples thereof. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

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 as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due Sept. 1	Principal Amount ^(a)	Interest Rate	Initial Reoffering Yield ^(b)	CUSIP Number ^(c)	Due Sept. 1	Principal Amount ^(a)	Interest Rate	Initial Reoffering Yield ^(b)	CUSIP Number ^(c)
2021	\$265,000				2028	\$240,000			
2022	280,000				2029	250,000 ^(d)			
2023	285,000				2030	250,000 ^(d)			
2024	280,000				2031	50,000 ^(d)			
2025	230,000				2032	50,000 ^(d)			
2026	235,000				2033	275,000 ^(d)			
2027	235,000				2034	295,000 ^(d)			

- (a) The Underwriter (as defined herein) may elect to designate one or more term bonds. Preliminary, subject to change.
- (b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date. Accrued interest from September 1, 2020, is to be added to the price.
- (c) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the purchasers of the Bonds. None of the District, the Financial Advisor or the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (d) Bonds maturing on and after September 1, 2026, are subject to redemption prior to maturity at the option of the District, in whole or in part, on September 1, 2025, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Travis County Municipal Utility District No. 15 (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 located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Travis County, the City of Pflugerville or any entity other than the District. The Bonds are subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Austin, Texas. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on September 9, 2020.

RAYMOND JAMES

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an “official statement” with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

This Official Statement is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, Texas 78701, upon payment of duplication costs.

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

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer.....Travis County Municipal Utility District No. 15 (the “District”), a political subdivision of the State of Texas, is located in Travis County, Texas. See “THE DISTRICT.”

The Issue.....\$3,220,000* Unlimited Tax Refunding Bonds, Series 2020 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors. The Bonds will be issued as fully registered bonds maturing in the years and in the amounts shown on the cover hereof. Interest on the Bonds accrues from September 1, 2020, at the rates shown on the cover hereof, and is payable on March 1, 2021 and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption.

The Bonds maturing on and after September 1, 2026, are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on September 1, 2025, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS – Redemption Provisions.”

Source of Payment.....The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District (see “TAX PROCEDURES”). The Bonds are obligations of the District and are not obligations of the State of Texas, Travis County, the City of Pflugerville (the “City”) or any other political subdivision or agency other than the District. See “THE BONDS – Source of and Security for Payment.”

Use of Proceeds.....Proceeds of the Bonds, together with other lawfully available funds of the District on hand, will be used to (i) refund a portion of the District’s outstanding debt as more particularly described in “SCHEDULE I – SCHEDULE OF REFUNDED BONDS” (the “Refunded Bonds”) to achieve a debt service savings and (ii) pay the costs associated with the issuance of the Bonds.

Payment Record.....The District has previously issued twelve series of unlimited tax bonds and two series of unlimited tax refunding bonds, of which \$33,225,000 principal amount was outstanding as of June 1, 2020 (the “Outstanding Bonds”). The District has never defaulted in the payment of principal and interest on its previously issued bonds.

Qualified Tax-Exempt Obligations.....The Bonds will be designated “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

Municipal Bond Rating and Insurance.....S&P Global Ratings (“S&P”), a business unit of Standard & Poor’s Financial Services LLC, has assigned an underlying rating to the District of “BBB+.” The fee associated with the rating assigned to the District by S&P will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Underwriter.

Application has also been made for the qualification of the Bonds for municipal bond insurance. The District will consider the purchase of municipal bond insurance, if available, after an analysis of the bids has been made.

*Preliminary, subject to change.

Legal Opinion.....Allen Boone Humphries Robinson LLP, Austin, Texas.

Financial Advisor.....Specialized Public Finance Inc., Austin, Texas.

Underwriter’s Counsel.....McCall, Parkhurst & Horton L.L.P.

EngineerJones-Heroy & Associates, Inc., Austin, Texas.

Paying Agent/RegistrarUMB, N.A., Austin, Texas.

Investment ConsiderationsThe purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned “INVESTMENT CONSIDERATIONS.”

THE DISTRICT

Description.....The District was created by order of the Texas Natural Resource Conservation Commission, predecessor to the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”), dated March 12, 2002. The District presently contains approximately 670 acres of land located in the northeast portion of Travis County approximately three miles northeast of the central area of the City of Pflugerville, Texas (the “City”), which City is located approximately 16 miles northeast of the central business district of the City of Austin, Texas. The District is bounded on the west by FM 685/Texas Highway 130 (“TX 130”) and is bisected by Kelly Lane. Access to the District is presently provided via TX 130, a major north-south toll road east of Austin and roughly parallel to Interstate Highway 35 (“IH 35”), and Texas Highway 45 (“TX 45”), an east-west toll road from TX 130 approximately three miles to IH 35 (the major freeway through Austin, Texas). The intersection of TX 130 and TX 45 is less than ¼ mile from the District. The District lies wholly within the corporate limits of the City.

Status of Development.....The District contains approximately 670 acres of land, substantially all of which have been developed for single family residential purposes, with the exception of approximately 133 acres of land which have been developed for commercial purposes, multi-family residential purposes, and recreational facilities and open space. The District presently provides water, sanitary sewer, and drainage facilities to serve the entire District, which includes Sections 1 through 3, 4N, 4S, 5A, 5B, 6A, 6B, 7, 8A, 8B, 8C, 9E, 9S, 9W, 12, 13A, 13B, 13C, 14 through 19 of Falcon Pointe and Falcon Pointe Boulevard Extension.

As of June 1, 2020, the District contained 1,624 occupied single-family homes and no vacant single-family homes. Homes in the District have values for taxation from approximately \$220,000 to \$400,000.

In addition to the single-family development described above, approximately 57 acres have been developed for commercial purposes. Of such 57 acres, approximately 20 acres have been developed as a 310-unit apartment complex, approximately 9 acres have been developed as a 72-unit condominium complex, approximately 26 acres have been developed as a regional hospital facility and the remaining 2 acres remains vacant.

All developable land in the District is provided water, sanitary sewer and drainage facilities with the remaining acreage of approximately 44 acres of land contained in drainage, detention easements and right-of-way and 76 acres included in recreational facilities and open space areas. See “THE DISTRICT – Status of Development.”

*City of Pflugerville Tax
Increment Reinvestment
Zone No. 1*

On December 14, 2010, the City approved the creation of the City of Pflugerville Tax Increment Reinvestment Zone No. 1 (the “TIRZ”) encompassing approximately 399 acres. The TIRZ is located at the intersection of Texas Highway 130 and East Pflugerville Parkway. Approximately 276 acres of the District lies within the boundaries of the TIRZ. The purpose of the TIRZ is to fund certain infrastructure costs for single-family residential, multi-family residential, commercial, and recreational development proposed within its boundaries. The District has not agreed to contribute any portion of its tax collections on the tax increment to the City for use in financing projects within the TIRZ. See “CITY OF PFLUGERVILLE TAX INCREMENT REINVESTMENT ZONE NO. 1.”

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SELECTED FINANCIAL INFORMATION

2019 Taxable Assessed Valuation.....	\$560,957,914 ^(a)
2020 Preliminary Taxable Assessed Valuation.....	\$564,737,877 ^(b)
Gross Direct Debt Outstanding (after the issuance of the Bonds).....	\$ 33,420,000 *
Estimated Overlapping Debt.....	<u>51,199,742^(c)</u>
Gross Direct Debt and Estimated Overlapping Debt.....	\$ 84,619,742 *
Ratio of Gross Direct Debt to:	
2019 Taxable Assessed Valuation.....	5.96%
2020 Preliminary Taxable Assessed Valuation.....	5.92%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2019 Taxable Assessed Valuation.....	15.08% ^(c)
2020 Preliminary Taxable Assessed Valuation.....	14.98% ^(c)
Funds Available in Debt Service Fund as of June 12, 2020.....	\$2,781,698 ^(d)
Funds Available in Operating Fund as of June 12, 2020.....	\$268,247
Funds Available for Capital Projects as of June 12, 2020.....	\$142,342
2019 District Tax Rate:	
Debt Service.....	\$0.3800
Maintenance and Operations.....	<u>0.0275</u>
Total.....	\$0.4075/\$100 A.V.
2019 City of Pflugerville Tax Rate ^(e)	\$0.4976/\$100 A.V.
Projected Average Annual Debt Service Requirements (2020-2042) (“Average Requirement”).....	\$1,996,477 *
Tax rate required to pay Average Requirement based upon	
2019 Taxable Assessed Valuation at a 95% collection rate.....	\$0.38/\$100 A.V.*
Tax rate required to pay Average Requirement based upon	
2020 Preliminary Taxable Assessed Valuation at a 95% collection rate.....	\$0.38/\$100 A.V.*
Connection count as of June 1, 2020:	
Single-family residential – completed and occupied.....	1,624
Single-family residential – completed and unoccupied.....	<u>0</u>
Total.....	1,624

Area of District – 670 acres
Estimated 2020 Population – 5,684^(f)

*Preliminary, subject to change. Includes the Bonds and excludes the Refunded Bonds.

- (a) As certified by the Travis Central Appraisal District (the “Appraisal District”). See “TAX PROCEDURES.”
- (b) Provided by the Appraisal District as a preliminary indication of the 2020 taxable assessed valuation as of January 1, 2020. Such amount is subject to review and downward revision prior to certification. No tax will be levied on such amount until it is certified. See “TAX PROCEDURES.”
- (c) See “ESTIMATED OVERLAPPING DEBT STATEMENT” herein. Preliminary, subject to change.
- (d) Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.
- (e) See “ESTIMATED OVERLAPPING DEBT STATEMENT – Overlapping Tax Rates for 2019.”
- (f) Estimate based on 3.5 persons per occupied home.

PRELIMINARY OFFICIAL STATEMENT

\$3,220,000*

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15

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

UNLIMITED TAX REFUNDING BONDS, SERIES 2020

This Official Statement provides certain information in connection with the issuance by Travis County Municipal Utility District No. 15 (the "District") of its \$3,220,000* Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

The Bonds will be issued pursuant to a resolution adopted by the Board of Directors of the District on July 17, 2020 (the "Resolution"), and a pricing certificate to be executed by the pricing officer on the date of sale of the Bonds as designated in the resolution (the resolution and the pricing certificate are collectively referred to herein as the "Bond Resolution"), the Constitution and general laws of the State of Texas (the "State") including Article XVI, Section 59 of the Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1207, Texas Government Code, as amended.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefore.

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

PLAN OF FINANCING

Refunded Bonds

The Refunded Bonds (defined below) and the interest due thereon, are to be paid on the redemption date from funds to be deposited with BOKF, NA, Dallas, Texas, as paying agent for the Refunded Bonds. The Bond Resolutions provide that from the proceeds of the sale of the Bonds, the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the "Payment Account"). By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolutions of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of the amounts so deposited in the Payment Account, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

Purpose

Proceeds of the Bonds will be used to (i) refund a portion of the District's outstanding debt as more particularly described in "SCHEDULE I – SCHEDULE OF REFUNDED BONDS" (the "Refunded Bonds") to achieve a debt service savings and (ii) pay the costs associated with the issuance of the Bonds.

*Preliminary, subject to change.

Sources and Uses of Funds

The proceeds from the sale of the Bonds, together with other lawfully available funds of the District, will be applied approximately as follows:

Sources of Funds:

- Par Amount of Bonds
- Debt Service Fund Transfer
- Accrued Interest
- Original Issue Premium/Discount
- Total Sources of Funds

Uses of Funds:

- Escrow Fund Deposit
- Costs of Issuance and Underwriter's Discount
- Deposit to Debt Service Fund
- Total Uses of Funds

THE BONDS

General

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated and accrue interest from September 1, 2020, at the rates shown on the cover hereof, and interest is payable on each March 1 and September 1 commencing March 1, 2021, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Authority for Issuance

At a bond election held within the District on May 4, 2002, the voters of the District authorized the issuance of a total of \$32,573,332 principal amount of unlimited tax bonds for the purpose of refunding bonds of the District a total of \$48,860,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary and sewer and drainage facilities. The Bonds are being issued pursuant to such authorization. See "Issuance of Additional Debt" below.

The Bonds are issued by the District pursuant to the Bond Resolution, Chapter 1207, Texas Government Code, as amended, Article XVI, Section 59 of the Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas and a pricing certificate to be executed by the pricing officer as designated in the Bond Resolution.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy an annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Travis County, the City or any entity other than the District.

Funds

In the Bond Resolution, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Accrued interest on the Bonds shall be deposited into the Debt Service Fund upon receipt. Any funds remaining after the payment of issuance costs will be deposited into the Debt Service Fund.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be “arbitrage bonds” under the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations promulgated thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become “arbitrage bonds” under the Code and the regulations prescribed from time to time thereunder.

Record Date

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

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2026, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2025, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If fewer than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar (hereinafter defined) by lot or other customary method of random selection (or by DTC (hereinafter defined) in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Registration and Transfer

UMB, N.A. in Austin, Texas is the initial paying agent/registrar (the “Paying Agent/Registrar,” “Paying Agent” or “Registrar”) for the Bonds. So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See “BOOK-ENTRY-ONLY SYSTEM.”

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the Commission, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. The District has \$11,480,000 of unlimited tax bonds authorized but unissued for water, sanitary sewer and drainage facilities and, after issuance of the Bonds, \$32,158,332* unlimited tax bonds to refund any outstanding bonds of the District. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District’s voters or the amount ultimately issued by the District. See “THE SYSTEM – Future Debt.”

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) amendments to the existing City ordinances specifying the purposes for which the District may issue bonds; (b) authorization of a detailed fire plan and bonds for such purpose by the qualified voters in the District; (c) approval of the fire plan by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. It is not anticipated at this time that bonds will be issued by the District for fire-fighting purposes.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing City ordinances specifying the purposes for which the District may issue bonds; (b) preparation of a detailed park plan; (c) authorization of park bonds by the qualified voters in the District; (d) approval of the park project and bonds by the TCEQ; and (e) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

Abolishment by the City of Pflugerville

Under existing Texas law, because the District lies wholly within the corporate limits of the City, the District may be abolished by the City without the District’s consent. If the District is abolished, the City will assume the District’s assets and obligations (including the Bonds) and abolish the District within ninety (90) days. Abolishment of the District by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that abolishment will or will not occur or as to the ability of the City to make debt service payments on the Bonds should abolishment occur.

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*Preliminary, subject to change.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests 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. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. Even if such a judgment against the District were 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. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or 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. Certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 49.186 of the Texas Water Code, and is applicable to the District:

“(a) All bonds, notes, and other obligations issued by a 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.”

“(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of 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, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.”

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which might apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct obligations of 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 bonds, 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 bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither the District nor the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

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

General

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

DTC, the world’s largest 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a rating of “AA+” by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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 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. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent/Registrar, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent/Registrar. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent/Registrar's DTC account.

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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

CITY OF PFLUGERVILLE TAX INCREMENT REINVESTMENT ZONE NO. 1

By law, the City may designate a portion of land inside of its corporate limits as a Tax Increment Reinvestment Zone (a “TIRZ”). The base taxable assessed value of a TIRZ is established in the year in which the TIRZ is created. Any incremental growth in the taxable assessed value over the base value is considered the “tax increment.” When the City designates a TIRZ, each taxing jurisdiction within the TIRZ may or may not agree to contribute all or a portion of its tax collections on the tax increment (“TIRZ Revenues”) to the City for use in financing projects within the TIRZ. The City is required to develop a TIRZ project plan and limit the use of TIRZ Revenues to financing those projects contained within the latest approved project plan.

On December 14, 2010, the City approved the creation of the City of Pflugerville Tax Increment Reinvestment Zone No. 1 (the “TIRZ”) encompassing approximately 399 acres. The TIRZ is located at the intersection of Texas Highway 130 and East Pflugerville Parkway. Approximately 276 acres of the District lies within the boundaries of the TIRZ. The purpose of the TIRZ is to fund certain infrastructure costs for single-family residential, multi-family residential, commercial, and recreational development proposed within its boundaries. The District has not agreed to contribute any portion of its tax collections on the tax increment to the City for use in financing projects within the TIRZ.

THE DISTRICT

General

The District is a municipal utility district created by order of the Texas Natural Resource Conservation Commission, predecessor to the Commission, dated March 12, 2002, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code and other general statutes applicable to municipal utility districts. The District is located wholly within the corporate limits of the City and within the boundaries of Pflugerville Independent School District.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the Commission, the City, and the voters of the District, to establish, operate, and maintain fire-fighting facilities. See “THE BONDS – Issuance of Additional Debt.”

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to platted lots and reserves which have been approved by the City. Construction and operation of the District’s drainage system are subject to the regulatory jurisdiction of additional government agencies. See “THE SYSTEM.”

Location

The District contains approximately 670 acres of land and is located in northeastern Travis County approximately three miles northeast of the central portion of the City, which City is located approximately 16 miles northeast of the central business district of the City of Austin, Texas. Principal access to the District is presently provided from TX 130, a major north-south toll road east of Austin and roughly parallel to IH 35, and TX 45, an east-west toll road from TX 130 approximately three miles to IH 35 (the major freeway through Austin, Texas).

Status of Development

The District contains approximately 670 acres of land, substantially all of which have been developed for single family residential purposes, with the exception of approximately 133 acres of land which have been developed for commercial purposes, multi-family residential purposes, and recreational facilities and open space. The District presently provides water, sanitary sewer, and drainage facilities to serve the entire District, which includes Sections 1 through 3, 4N, 4S, 5A, 5B, 6A, 6B, 7, 8A, 8B, 8C, 9E, 9S, 9W, 12, 13A, 13B, 13C, 14 through 19 of Falcon Pointe and Falcon Pointe Boulevard Extension.

Homes in the District have values for taxation from approximately \$220,000 to \$400,000. As of June 1, 2020, the District contained 1,624 single-family homes completed as shown below:

Status of home construction as of June 1, 2020:

Single-family residential – completed and occupied.....	1,624
Single-family residential – completed and unoccupied.....	<u>0</u>
Total	1,624

In addition to the single-family development described above, approximately 57 acres have been developed for commercial purposes. Of such 57 acres, approximately 20 acres have been developed as a 310-unit apartment complex, approximately 9 acres have been developed as a 72-unit condominium complex, approximately 26 acres have been developed as a regional hospital facility and the remaining 2 acres remains vacant.

All developable land in the District is provided water, sanitary sewer and drainage facilities with the remaining acreage of approximately 44 acres of land contained in drainage, detention easements and right-of-way and 76 acres included in recreational facilities and open space areas. See “INVESTMENT CONSIDERATIONS.”

MANAGEMENT

Board of Directors

The District is governed by the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. None of the directors listed below reside within the District; however, each director owns land within the District. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are currently held only in even numbered years. The directors and officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Peggy Croslin	President	May 2024
Richard Pounds	Vice President / Assistant Secretary	May 2022
David Stoessell	Assistant Vice President	May 2024
Kelly O’Shieles	Secretary	May 2022
Vacant	Assistant Secretary	May 2022

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Travis Central Appraisal District (Appraisal District”). The District’s Tax Assessor/Collector is contracted with by the Board of the District, and the District has contracted with the Travis County Tax Assessor/Collector to serve in this capacity for the District.

Bookkeeper

The District has engaged Municipal Accounts & Consulting, L.P. to serve as the District’s bookkeeper (the “Bookkeeper”).

Engineer

The consulting engineer for the District in connection with the design and construction of the District’s facilities is Jones-Heroy & Associates, Inc. (the “Engineer”).

Attorney

The District engages Allen Boone Humphries Robinson LLP as general counsel and as bond counsel in connection with the issuance of the Bonds. The legal fees to be paid bond counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Financial Advisor

Specialized Public Finance Inc. (the “Financial Advisor”) serves as financial advisor to the District. The fees to be paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Auditor

The District’s financial statements for the year ended February 29, 2020, were audited by McCall Gibson Swedlund Barfoot PLLC. See APPENDIX A for a copy of the District’s February 29, 2020 audited financial statements.

THE SYSTEM

Regulation

According to the Engineer, the District’s water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the “System”) have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. The City operates and maintains the water and sewer system within the District. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District’s Engineer.

Water, Sanitary Sewer and Drainage Facilities

Construction of the water, sanitary sewer, and drainage facilities to serve the District have been financed from proceeds of the District’s Outstanding Bonds.

Source of Water Supply: The District is provided water supply by the City. Water from the City is obtained from a surface water treatment plant near the District where the City stores and treats water pumped from the Colorado River. The City’s surface water treatment plant provides water to the entire City water system. The City’s water supply facilities also include several water wells as well as a 1.0 million gallon standpipe storage facility near the District and a 500,000 gallon elevated storage tank adjacent to the District. A portion of the proceeds from the sale of the Outstanding Bonds were used to pay the City for the connection fees to obtain service capacity rights to serve the land in the District.

Source of Wastewater Treatment: The District receives wastewater treatment from the City. The City has financed the construction of a major sanitary sewer interceptor and conveyance facilities to transport all wastewater flows from the District and neighboring areas to a regional wastewater treatment plant owned by the City. Wastewater flows are pumped to the City’s plant, which has a current capacity of 5.3 MGD. A portion of the proceeds from the sale of the Outstanding Bonds were used to pay the City for the connection fees to obtain service capacity rights to serve the land in the District.

100-Year Flood Plain: According to the Engineer, 21 acres of land in the District are located within the 100-year floodplain, as per approved Federal Insurance Rate Map letter of map revision dated May 20, 2003. Substantially all of the land within the 100-year floodplain is located within the drainage ditches and other drainage facilities.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
05/04/2002	Water, Sanitary Sewer and Drainage	\$48,860,000	\$37,380,000	\$11,480,000
05/04/2002	Refunding Bonds	\$32,573,332	\$415,000*	\$32,158,332

*Includes the Bonds. Preliminary, subject to change.

FINANCIAL STATEMENT

2019 Taxable Assessed Valuation.....	\$560,957,914 ^(a)
2020 Preliminary Taxable Assessed Valuation.....	\$564,737,877 ^(b)
District Debt:	
Outstanding Bonds (as of June 1, 2020).....	\$33,225,000
Less: Refunded Bonds.....	3,025,000 *
Plus: The Bonds	<u>3,220,000 *</u>
Gross Direct Debt Outstanding (after issuance of the Bonds).....	\$33,420,000
Ratio of Gross Direct Debt to 2019 Taxable Assessed Valuation.....	5.96%
Ratio of Gross Direct Debt to 2020 Preliminary Taxable Assessed Valuation	5.92%

Area of District - 670 acres
Estimated 2020 Population – 5,684^(c)

- (a) As certified by the Appraisal District. See “TAX PROCEDURES.”
 (b) Provided by the Appraisal District as a preliminary indication of the 2020 taxable assessed valuation as of January 1, 2020. Such amount is subject to review and downward revision prior to certification. No tax will be levied on such amount until it is certified. See “TAX PROCEDURES.”
 (c) Estimate based on 3.5 persons per occupied home.

Cash and Investment Balances (unaudited as of June 12, 2020)

General Fund	Cash and Temporary Investments	\$268,247
Capital Projects Fund	Cash and Temporary Investments	\$142,342
Debt Service Fund	Cash and Temporary Investments	\$2,781,698 ^(a)

(a) Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.

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*Preliminary, subject to change.

Outstanding Bonds

<u>Series</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding as of June 1, 2020</u>	<u>Less: Refunded Bonds*</u>	<u>Remaining Principal Amount Outstanding</u>
2004	\$1,600,000	\$ 0	\$ 0	\$ 0
2008	2,200,000	0	0	0
2009	2,175,000	0	0	0
2010	1,440,000	0	0	0
2013	1,500,000	1,225,000	1,175,000	50,000
2013A ^(a)	3,210,000	2,045,000	1,850,000	195,000
2014	2,190,000	1,915,000	0	1,915,000
2015	2,375,000	2,160,000	0	2,160,000
2015A	3,200,000	2,915,000	0	2,915,000
2016	2,750,000	2,650,000	0	2,650,000
2017	9,000,000	8,375,000	0	8,375,000
2018	6,000,000	6,000,000	0	6,000,000
2019 ^(a)	2,990,000	2,990,000	0	2,990,000
2019A	<u>2,950,000</u>	<u>2,950,000</u>	<u>0</u>	<u>2,950,000</u>
	\$43,580,000	\$33,225,000	\$3,025,000	\$30,200,000

(a) Refunding bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds (“Tax Debt”) was developed from information contained in the “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds^(a)</u>	<u>As of</u>	<u>Overlapping</u>	
			<u>Percent</u>	<u>Amount</u>
Travis County	\$992,335,000	5/31/20	0.27%	\$2,679,305
Travis County Healthcare District.....	7,285,000	5/31/20	0.27	19,670
Pflugerville Independent School District	642,530,000	5/31/20	3.83	24,608,899
City of Pflugerville.....	258,570,000	5/31/20	9.24	<u>23,891,868</u>
Total Estimated Overlapping Debt				\$51,199,742
The District.....	\$33,420,000 ^(b)			<u>33,420,000</u> ^(b)
Total Direct and Estimated Overlapping Debt				\$84,619,742 ^(b)
Ratio of Total Direct and Estimated Overlapping Debt to 2019 Taxable Assessed Valuation.....				15.08%
Ratio of Total Direct and Estimated Overlapping Debt to 2020 Preliminary Taxable Assessed Valuation				14.98%

(a) Includes principal amounts of current interest bonds and capital appreciation bonds. Capital appreciation bonds are shown at original principal amount as opposed to maturity value.

(b) Includes the Bonds and the Outstanding Bonds and excludes the Refunded Bonds. Preliminary, subject to change.

*Preliminary, subject to change.

Overlapping Tax Rates for 2019

	2019 Tax Rate per <u>\$100 Assessed Valuation</u>
Travis County	\$0.369293
Pflugerville Independent School District	1.450000
City of Pflugerville	0.497600
Travis County Emergency Services District No. 2	0.100000
Travis County Healthcare District	0.105573
The District	<u>0.407500</u>
Total Overlapping Tax Rate	\$2.929966

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Total Collections as of 6/30/2020</u>	
				<u>Amount</u>	<u>Percent</u>
2015	\$350,356,575	\$0.3325	\$1,163,350	\$1,163,350	100.00%
2016	424,461,579	0.3325	1,411,761	1,411,761	100.00
2017	471,784,116	0.4075	1,946,760	1,946,760	100.00
2018	521,751,533	0.4075	2,126,138	2,121,099	99.76
2019	560,957,914	0.4075	2,288,828	2,277,660	99.51

Taxes are due when billed and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed and no discounts are allowed.

Tax Rate Distribution

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt Service	\$0.3800	\$0.3775	\$0.3750	\$0.2950	\$0.2700
Maintenance and Operations	<u>0.0275</u>	<u>0.0300</u>	<u>0.0325</u>	<u>0.0375</u>	<u>0.0625</u>
Total	\$0.4075	\$0.4075	\$0.4075	\$0.3325	\$0.3325

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: \$0.65 per \$100 assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. For the 2019 tax year, the Board levied a debt service tax in the amount of \$0.38 per \$100 assessed valuation.

Maintenance Tax

The Board of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On May 4, 2002, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$0.65 per \$100 of assessed valuation. For the 2019 tax year, the Board levied a maintenance tax in the amount of \$0.0275 per \$100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District has granted an exemption of \$10,000 of the appraised value of the resident homesteads of persons who are disabled or 65 years of age or older. The Developer has executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty years.

Additional Penalties

The District established an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Property Tax Code.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2019 tax roll.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2019 Assessed Valuation</u>	<u>% of Assessed Valuation</u>
Waypoint Austin Falcon Owner LLC	Land and Improvements	\$ 45,915,500	8.15%
TAT PF Re LLC	Land and Improvements	2,265,740	0.40
Individual	House and Lot	649,860	0.12
Lekker Investments LLC	Land and Improvements	586,881	0.10
Individual	House and Lot	585,451	0.10
Individual	House and Lot	582,723	0.10
Individual	House and Lot	577,086	0.10
Individual	House and Lot	575,000	0.10
16 Tournament LLC	Land and Improvements	574,660	0.10
Moore & Moore Properties LLC	Land and Improvements	<u>538,665</u>	<u>0.10</u>
Total		\$52,851,566	9.37%

Summary of Assessed Valuation

The following summary of the 2019, 2018 and 2017 Assessed Valuation is provided by the District's Tax Assessor/Collector based on information contained in the 2019, 2018 and 2017 tax rolls of the District.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$92,327,551	\$91,180,358	\$67,584,303
Improvements	524,514,779	474,692,122	428,791,092
Personal Property	23,047,626	859,249	705,654
Exemptions and Deferments	<u>(78,932,042)</u>	<u>(44,980,196)</u>	<u>(25,296,933)</u>
Total Assessed Valuation	\$560,957,914	\$521,751,533	\$471,784,116

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Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2019 Taxable Assessed Valuation and the 2020 Preliminary Taxable Assessed Valuation, no use of available funds, and utilize tax rates necessary to pay the District’s average annual debt service requirements on the Bonds and the Outstanding Bonds (excluding the Refunded Bonds).

Average annual debt service requirement (2020-2042)	\$1,996,477 *
\$0.38 tax rate on the 2019 Taxable Assessed Valuation of \$560,957,914 at a 95% collection rate produces	\$2,025,058
\$0.38 tax rate on the 2020 Preliminary Taxable Assessed Valuation of \$564,737,877 at a 95% collection rate produces	\$2,038,704

*Preliminary; subject to change.

TAX 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 “INVESTMENT CONSIDERATIONS – Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution 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 water and wastewater system and for the payment of certain contractual obligations. See “TAX DATA.”

Property Tax Code and County-Wide Appraisal District

Title I of the Texas 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 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 County Appraisal Review Board (the “Appraisal Review Board”).

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. For the 2019 tax year, the District granted an exemption of \$10,000 of assessed valuation for persons 65 years of age or older and individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. 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 partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating of the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than \$5,000) 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 before July 1. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemptions: 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 City may designate all or part of the area within the District as a reinvestment zone for abatement purposes. Approximately 276 acres of the District lies within the boundaries of a reinvestment zone designated by the City. After the designation, Travis County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. The District has not entered into tax abatement agreements. See "CITY OF PFLUGERVILLE TAX INCREMENT REINVESTMENT ZONE NO. 1."

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. Generally, 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent 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 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 (3) 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.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

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 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 become delinquent if not paid before February 1 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 established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and

a delinquent tax attorney, 60 days after the date the taxes become delinquent. 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, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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 of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the 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 as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all 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, 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, subject to certain homestead exemptions for the preceding tax year, 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 1.035 times the previous year's operation and maintenance tax rate 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 rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, 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

A determination as to a district’s status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, beginning with the 2020 tax rate. 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.

District’s Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of 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 taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each 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 “ESTIMATED OVERLAPPING DEBT STATEMENT – Overlapping Tax Rates for 2019”). 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 cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within 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) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District’s ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See “INVESTMENT CONSIDERATIONS.”

GENERAL FUND OPERATIONS

General

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the District’s general fund are not pledged to the payment of the Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Outstanding Bonds and the Bonds, at the discretion and upon action of the Board. The District is provided water and sewer service by the City. Consequently, the District’s general fund is used primarily for administration and it is not expected that significant net revenues, if any, will be available for debt service.

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Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information.

	Fiscal Year Ended February 28				
	2020	2019	2018	2017	2016
Revenues					
Property Taxes	\$ 153,366	\$ 156,093	\$ 153,623	\$ 159,319	\$ 218,865
Penalties and Interest	200	225	311	306	332
Investment Revenues	2,500	3,537	1,638	888	419
Total Revenues	<u>\$ 156,066</u>	<u>\$ 159,855</u>	<u>\$ 155,572</u>	<u>\$ 160,513</u>	<u>\$ 219,616</u>
Expenditures					
Professional Fees	\$ 87,750	\$ 72,119	\$ 73,014	\$ 101,235	\$ 79,173
Contracted Services	33,000	31,961	29,960	26,982	25,720
Repairs and Maintenance	12,000	7,495	25,079	7,523	10,491
Other	22,400	18,275	17,769	15,581	15,178
Bond Issuance Costs	-	-	-	-	3,146
Total Expenditures	<u>\$ 155,150</u>	<u>\$ 129,850</u>	<u>\$ 145,822</u>	<u>\$ 151,321</u>	<u>\$ 133,708</u>
Net Change in Fund Balance	<u>916</u>	<u>30,005</u>	<u>9,750</u>	<u>9,192</u>	<u>85,908</u>
Transfers In (Out)	\$ -	\$ 37	\$ -	\$ 3,146	\$ 4,367
Beginning Fund Balance	<u>\$ 321,092</u>	<u>\$ 291,050</u>	<u>\$ 281,300</u>	<u>\$ 268,962</u>	<u>\$ 178,687</u>
Ending Fund Balance	<u>\$ 322,008</u>	<u>\$ 321,092</u>	<u>\$ 291,050</u>	<u>\$ 281,300</u>	<u>\$ 268,962</u>

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DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds, plus the estimated debt service requirements for the Bonds.

Cldr. Year	Outstanding Bonds	Less: Debt Service on the	Plus: Debt Service on the Bonds*			Total
	Debt Service Requirements	Refunded Bonds*	Principal	Interest	Total	Debt Service Requirements
2020	\$ 2,175,504					\$ 2,175,504
2021	2,300,235	\$ (359,819)	\$ 265,000	\$ 88,496	\$ 353,496	2,293,912
2022	2,287,748	(352,956)	280,000	65,813	345,813	2,280,604
2023	2,283,631	(355,363)	285,000	60,213	345,213	2,273,481
2024	2,266,569	(345,663)	280,000	54,513	334,513	2,255,419
2025	2,262,569	(285,963)	230,000	48,913	278,913	2,255,519
2026	2,252,769	(288,013)	235,000	44,313	279,313	2,244,069
2027	2,240,994	(284,663)	235,000	39,613	274,613	2,230,944
2028	2,227,844	(281,113)	240,000	34,913	274,913	2,221,644
2029	2,217,094	(287,363)	250,000	30,113	280,113	2,209,844
2030	2,198,494	(282,288)	250,000	24,488	274,488	2,190,694
2031	2,198,113	(77,000)	50,000	18,238	68,238	2,189,350
2032	2,167,425	(75,000)	50,000	16,988	66,988	2,159,413
2033	2,110,238	(298,000)	275,000	15,675	290,675	2,102,913
2034	2,120,531	(312,000)	295,000	8,113	303,113	2,111,644
2035	2,092,569		-	-	-	2,092,569
2036	2,080,744		-	-	-	2,080,744
2037	2,048,463		-	-	-	2,048,463
2038	1,950,938		-	-	-	1,950,938
2039	1,743,813		-	-	-	1,743,813
2040	1,715,500		-	-	-	1,715,500
2041	860,250		-	-	-	860,250
2042	231,750		-	-	-	231,750
Total	\$ 46,033,780	\$ (3,885,200)	\$ 3,220,000	\$ 550,396	\$ 3,770,396	\$ 45,918,976

Average Annual Debt Service Requirements (2020-2042)	\$1,996,477*
Maximum Annual Debt Service Requirements (2021)	\$2,293,912*

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*Preliminary, subject to change.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Travis County, the City, or any other political entity other than the District, will be secured by an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the 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.

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 this 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 Order GA-16 18 on April 27, 2020, which, among other things, requires Texans to minimize in-person contact with people who are not in the same household unless such people are involved in essential services or reopened services (subject to certain conditions and limitations pertaining to such reopened services) or essential daily activities and closes schools to in-person classroom attendance by students throughout the 2019-2020 school year, unless such order is otherwise extended, modified, 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 videoconference meetings of governmental bodies that are accessible to the public in an effort to reduce in-person meetings that assemble large groups of people. In addition, Travis County, within which the District is located, has issued “stay home” orders for most citizens except when engaged in specific essential business functions. Travis County’s “stay home” order does not prohibit homebuilding activity 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 affects 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 or its ratings. See “MUNICIPAL BOND INSURANCE AND RATING.” 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.

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 District property owners to pay their taxes. The 2019 taxable assessed valuation of the District (see “FINANCIAL STATEMENT”) is \$560,957,914. After issuance of the Bonds, the projected maximum annual debt service requirement will be \$2,293,912* (2021) and the projected average annual debt service requirement will be \$1,996,477* (2020-2042). Assuming no increase or decrease from the 2019 taxable assessed valuation and no use of funds other than tax collections, a tax rate of \$0.44 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$2,293,912* and a tax rate of \$0.38 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$1,996,477* (see “DEBT SERVICE REQUIREMENTS”). The 2020 preliminary taxable assessed valuation within the District is \$564,737,877. Assuming no increase or decrease from the 2020 preliminary taxable assessed valuation and a 95% collection rate, tax rates of \$0.43 and \$0.38 per \$100 assessed valuation would be necessary to pay the maximum annual requirement and average annual requirement, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2019 taxable assessed valuation and the 2020 preliminary taxable assessed valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District’s assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See “TAX PROCEDURES” and “TAX DATA – Tax Adequacy for Debt Service.”

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining \$11,480,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, \$32,158,332* principal amount of authorized but unissued unlimited tax bonds for refunding purposes, and the District may issue additional bonds which may be voted hereafter. See “THE BONDS – Issuance of Additional Debt” and “THE SYSTEM – Future Debt.” The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities must be approved by the Commission.

Tax Collection Limitations

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 taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer’s delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a 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 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 could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See “TAX PROCEDURES – District’s Rights in the Event of Tax Delinquencies.”

*Preliminary, subject to change.

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests 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. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Based on recent Texas court decisions, it is unclear whether Section 49.066 Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if such a judgment against the District were 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. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or 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 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses 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 is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts 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.

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

The District may not be placed into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Resolution on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Marketability

The District has no agreement with the Underwriter (hereinafter defined) 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 of 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 generally bought, sold or traded in the secondary market.

Environmental Regulation

Wastewater treatment, water supply, storm sewer facilities and construction activities within the District are subject to complex environmental laws and regulations at the federal, state and local levels that may require or prohibit certain activities that affect the environment, such as:

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

Sanctions against a municipal utility district or other type of special purpose 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 to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the District. Further, changes in 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 Texas Commission on Environmental Quality (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 municipal 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 municipal 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 municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally

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

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

In 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 has itself 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 municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Storm Water

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could

additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain. See “THE SYSEM – Water, Sanitary Sewer and Drainage Facilities – 100-Year Flood Plain.”

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is purchased, investors should be aware of the following investment considerations:

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurer (the “Insurer”) and its claim paying ability. The Insurer'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 the Insurer and of the ratings on the Bonds insured by the Insurer 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. See description of “MUNICIPAL BOND INSURANCE AND RATING.”

The obligations of the Insurer are contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer 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 the Insurer, particularly over the life of the investment. See “MUNICIPAL BOND INSURANCE AND RATING” for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. See “TAX MATTERS.”

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “CITY OF PFLUGERVILLE TAX INCREMENT REINVESTMENT ZONE NO. 1,” “THE DISTRICT – General,” “MANAGEMENT – Attorney,” “TAX PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein. Certain legal matters will be passed upon for the Underwriter by its counsel, McCall, Parkhurst & Horton L.L.P., Austin, Texas.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such 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 Material Adverse Change

The obligations of the Underwriter 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 financial condition of the District from that set forth or contemplated in the Preliminary Official Statement as amended or supplemented through the date of sale.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of 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 or the title of the present officers of the District.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's financial advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District's financial advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations 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.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

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 of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be 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 qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to

the “branch profits tax” on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. 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 the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the “Original Issue Discount Bonds”) may be less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated, (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption “TAX MATTERS” generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District will designate the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the Issuer under the Code during calendar year 2020 is not expected to exceed \$10,000,000 and that the Issuer and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2020.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

The Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of \$ _____ (representing the par amount of the Bonds of \$ _____, plus a net premium on the Bonds of \$ _____, less an Underwriter's discount of \$ _____) plus accrued interest. The Underwriter's obligation is to purchase all of the Bonds, if any are purchased. See "PLAN OF FINANCING—Sources and Uses of Funds."

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

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which the Bonds have been offered for sale to the public. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Underwriter 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 Underwriter may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any 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 INSURANCE AND RATING

S&P Global Ratings (“S&P”), a business unit of Standard & Poor’s Financial Services LLC, has assigned an underlying rating to the District of “BBB+.” An explanation of the rating may be obtained from S&P. Application has also been made for the qualification of the Bonds for municipal bond insurance. The District will consider the purchase of municipal bond insurance, if available, after an analysis of the bids has been made. The rating fees of S&P will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Underwriter.

An explanation of the significance of the foregoing rating may only be obtained from S&P. The foregoing rating expresses only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District’s records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under “Certification of Official Statement.” Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Specialized Public Finance Inc. is employed as the financial advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement for the sale of the Bonds. In its capacity as Financial Advisor, the Financial Advisor has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to the District 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.

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

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

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Travis County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been

provided by the Appraisal District and the Travis County Tax Assessor/Collector and is included herein in reliance upon their authority as experts in assessing and collecting taxes.

Auditor: The District's financial statements for the year ended February 29, 2020, were audited by McCall Gibson Swedlund Barfoot PLLC. See APPENDIX A for a copy of the District's February 29, 2020 audited financial statements.

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement 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 are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"), or any successor, through its Electronic Municipal Market Access System ("EMMA").

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB, or any successor, through its EMMA. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL STATEMENT," "TAX DATA," "GENERAL FUND OPERATIONS," "DEBT SERVICE REQUIREMENTS," and "APPENDIX A" (Annual Financial Report and supplemental schedules). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2020.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period and audited financial statements when the audit report of such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is the last day of February. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) nonpayment 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 beneficial owners 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 or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, 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 or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, 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 or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves, or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual

Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the past five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the Appendix 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.

This Official Statement was approved by the Board of Directors of Travis County Municipal Utility District No. 15, as of the date shown on the cover page.

/s/ _____
President, Board of Directors
Travis County Municipal Utility District No. 15

ATTEST:

/s/ _____
Secretary, Board of Directors
Travis County Municipal Utility District No. 15

SCHEDULE I – SCHEDULE OF REFUNDED BONDS

Unlimited Tax Bonds, Series 2013		
Amount	Maturity	Coupon
\$ 50,000	9/1/2021 ^(a)	3.000%
50,000	9/1/2022 ^(a)	3.000%
50,000	9/1/2023 ^(a)	3.000%
50,000	9/1/2024 ^(a)	3.000%
50,000	9/1/2025 ^(a)	3.500%
50,000	9/1/2026 ^(a)	3.500%
50,000	9/1/2027 ^(a)	3.500%
50,000	9/1/2028 ^(a)	3.500%
50,000	9/1/2029 ^(a)	4.000%
50,000	9/1/2030 ^(a)	4.000%
50,000	9/1/2031 ^(a)	4.000%
50,000	9/1/2032 ^(a)	4.000%
275,000	9/1/2033 ^(a)	4.000%
300,000	9/1/2034 ^(a)	4.000%
\$ 1,175,000		

Redemption Date: 9/10/2020

Redemption Price: 100%

Unlimited Tax Bonds, Series 2013A		
Amount	Maturity	Coupon
\$ 195,000	9/1/2021	2.750%
195,000	9/1/2022	3.125%
205,000	9/1/2023 ^(a)	4.000%
205,000	9/1/2024 ^(a)	4.000%
155,000	9/1/2025 ^(a)	4.000%
165,000	9/1/2026 ^(a)	4.000%
170,000	9/1/2027 ^(a)	4.000%
175,000	9/1/2028 ^(a)	4.000%
190,000	9/1/2029 ^(a)	4.250%
195,000	9/1/2030 ^(a)	4.250%
\$ 1,850,000		

Redemption Date: 9/10/2020

Redemption Price: 100%

^{*}Preliminary, subject to change.

(a) Term Bonds.

APPENDIX A

Audited Financial Statements for the fiscal year ended February 29, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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Houston, Texas 77065-5610
(713) 462-0341
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9600 Great Hills Trail
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Travis County Municipal
Utility District No. 15
Travis County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Travis County Municipal Utility District No. 15 (the "District"), as of and for the year ended February 29, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Travis County Municipal
Utility District No. 15

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 February 29, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Austin, Texas

May 8, 2020

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

Management’s discussion and analysis of Travis County Municipal Utility District No. 15’s (the “District”) financial performance provides an overview of the District’s financial activities for the year ended February 29, 2020. Please read it in conjunction with the District’s financial statements.

USING THIS FINANCIAL REPORT

This financial report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s financial report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District’s assets, liabilities and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District’s net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance tax revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. The budgetary comparison schedule is included as RSI for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$11,066,487 as of February 29, 2020.

The deficit in net position exists because the District issued bonds to repay the developer for construction of water and wastewater infrastructure. The infrastructure capital assets are not retained by the District but are conveyed to the City of Pflugerville (the "City") as part of extensive agreements by and among the District, the City, and the developer of land in the District including the City's agreement to provide water and wastewater services. The District has capitalized the impact fees it has funded to the City and recognized a right to receive service as an intangible asset related to the infrastructure conveyed to the City.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of the government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	\$ 3,914,882	\$ 3,860,136	\$ 54,746
Capital Assets (Net of Accumulated Depreciation)	2,719,009	3,060,868	(341,859)
Intangible Assets (Net of Accumulated Amortization)	17,848,687	18,490,126	(641,439)
Total Assets	\$ 24,482,578	\$ 25,411,130	\$ (928,552)
Deferred Outflows of Resources	\$ 63,763	\$ -0-	\$ 63,763
Due to Developer	\$	\$ 2,425,879	\$ 2,425,879
Long-Term Liabilities	31,805,390	29,749,778	(2,055,612)
Other Liabilities	1,674,896	1,490,494	(184,402)
Total Liabilities	\$ 33,480,286	\$ 33,666,151	\$ 185,865
Deferred Inflows of Resources	\$ 2,132,542	\$ 1,971,156	\$ (161,386)
Net Position:			
Net Investment in Capital Assets	\$ (12,171,796)	\$ (11,256,059)	\$ (915,737)
Restricted	664,947	614,757	50,190
Unrestricted	440,362	415,125	25,237
Total Net Position	\$ (11,066,487)	\$ (10,226,177)	\$ (840,310)

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the District's operations for the years ended February 29, 2020, and February 28, 2019. During the year ended February 29, 2020, the District's net position decreased by \$840,310.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,123,960	\$ 1,925,702	\$ 198,258
Other Revenues	63,323	49,806	13,517
Total Revenues	\$ 2,187,283	\$ 1,975,508	\$ 211,775
Expenses for Services	3,027,593	2,624,867	(402,726)
Change in Net Position	\$ (840,310)	\$ (649,359)	\$ (190,951)
Net Position, Beginning of Year	(10,226,177)	(9,576,818)	(649,359)
Net Position, End of Year	\$ (11,066,487)	\$ (10,226,177)	\$ (840,310)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of February 29, 2020, were \$1,656,901, a decrease of \$95,681 from the prior year.

The General Fund fund balance increased by \$17,842, primarily due to property tax revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by \$57,946, primarily due to the issuance of the Series 2019 Refunding bonds.

The Capital Projects Fund fund balance decreased by \$171,469, primarily due to the contribution by the District of \$282,000 to the Series 2019A bond issuance to reimburse the developer for construction costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District did not amend the budget during the current year. Actual revenues were \$4,543 more than budgeted revenues due to property taxes and investment revenue being more than expected. Actual expenditures were \$12,383 less than budgeted due to repairs and maintenance being less than expected.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital assets as of February 29, 2020, totaled \$2,719,009 (net of accumulated depreciation). These capital assets include impact fees. Additional information on the District's capital assets can be found in Note 6.

Capital Assets At Year-End	
Impact Fees	\$ 6,818,490
Less: Accumulated Depreciation	4,099,481
Total Net Capital Assets	\$ 2,719,009

Intangible assets as of February 29, 2020, totaled \$17,848,687 (net of accumulated amortization). These intangible assets include right to receive water and wastewater service. Additional information on the District's intangible assets can be found in Note 6.

Intangible Assets At Year-End	
Right to Receive Service	\$ 22,278,023
Less: Accumulated Amortization	4,429,336
Total Net Intangible Assets	\$ 17,848,687

LONG-TERM DEBT ACTIVITY

As of February 29, 2020, the District had total bond debt payable of \$33,225,000. The changes in the debt position of the District during the year ended February 29, 2020, are summarized as follows:

Bond Debt Payable, March 1, 2019	\$ 31,075,000
Add: Bond Sale - Series 2019 Refunding	2,990,000
Add: Bond Sale - Series 2019A	2,950,000
Less: Bond Principal Paid and Refunded	3,790,000
Bond Debt Payable, February 29, 2020	\$ 33,225,000

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

LONG-TERM DEBT ACTIVITY (Continued)

The District's bonds have an underlying rating of "BBB+". The District's Series 2016 bonds do not carry an insured rating. The District's Series 2013, Series 2013A Refunding, Series 2014, Series 2015 and Series 2017 bonds carry an "AA" rating by virtue of bond insurance issued by Build America Mutual Assurance Company. The District's Series 2015A, Series 2018, Series 2019 Refunding and Series 2019A bonds carry an "AA" rating by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings reflect any rating changes during the year ended February 29, 2020.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

The adopted budget for fiscal year 2021 projects an increase in General Fund fund balance of \$1,088.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Travis County Municipal Utility District No. 15, c/o Allen Boone Humphries Robinson LLP, 1108 Lavaca Street, Suite 510, Austin, TX 78701.

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TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 8,858	\$
Investments	337,492	2,769,403
Cash with Fiscal Agent		521,127
Receivables:		
Property Taxes	2,473	29,216
Accrued Interest	1,319	
Due from Other Funds		445
Prepaid Costs	3,904	
Capital Assets (Net of Accumulated Depreciation)		
Intangible Assets (Net of Accumulated Amortization)		
TOTAL ASSETS	\$ 354,046	\$ 3,320,191
DEFERRED OUTFLOWS OF RESOURCES	\$	\$
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 354,046	\$ 3,320,191

The accompanying notes to the financial
statements are an integral part of this report.

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 8,858	\$	\$ 8,858
142,135	3,249,030		3,249,030
	521,127		521,127
	31,689		31,689
	1,319		1,319
	445	(445)	
	3,904	98,955	102,859
		2,719,009	2,719,009
		<u>17,848,687</u>	<u>17,848,687</u>
<u>\$ 142,135</u>	<u>\$ 3,816,372</u>	<u>\$ 20,666,206</u>	<u>\$ 24,482,578</u>
<u>\$</u>	<u>\$ -0-</u>	<u>\$ 63,763</u>	<u>\$ 63,763</u>
<u>\$ 142,135</u>	<u>\$ 3,816,372</u>	<u>\$ 20,729,969</u>	<u>\$ 24,546,341</u>

The accompanying notes to the financial statements are an integral part of this report.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 12,194	\$
Accrued Interest Payable		1,575
Due to Other Funds	445	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 12,639	\$ 1,575
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 2,473	\$ 2,142,784
FUND BALANCES		
Nonspendable -		
Prepaid Costs	\$ 3,904	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,175,832
Unassigned	335,030	
TOTAL FUND BALANCES	\$ 338,934	\$ 1,175,832
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 354,046	\$ 3,320,191
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 12,194	\$	\$ 12,194
	1,575	521,127	522,702
	445	(445)	
		1,140,000	1,140,000
		<u>31,805,390</u>	<u>31,805,390</u>
<u>\$ -0-</u>	<u>\$ 14,214</u>	<u>\$ 33,466,072</u>	<u>\$ 33,480,286</u>
<u>\$ -0-</u>	<u>\$ 2,145,257</u>	<u>\$ (12,715)</u>	<u>\$ 2,132,542</u>
\$	\$ 3,904	\$ (3,904)	\$
142,135	142,135	(142,135)	
	1,175,832	(1,175,832)	
	<u>335,030</u>	<u>(335,030)</u>	
<u>\$ 142,135</u>	<u>\$ 1,656,901</u>	<u>\$ (1,656,901)</u>	<u>\$ - 0 -</u>
<u>\$ 142,135</u>	<u>\$ 3,816,372</u>		
		\$ (12,171,796)	\$ (12,171,796)
		664,947	664,947
		<u>440,362</u>	<u>440,362</u>
		<u>\$ (11,066,487)</u>	<u>\$ (11,066,487)</u>

The accompanying notes to the financial statements are an integral part of this report.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FEBRUARY 29, 2020

Total Fund Balances - Governmental Funds	\$	1,656,901
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		20,567,696
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Deferred charges on refunding bonds are not expenditures of the current period.		63,763
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Deferred inflows of resources related to property tax revenues for the 2018 and prior debt service tax levies and the 2019 and prior maintenance tax levies became part of recognized revenue in the governmental activities of the District.		12,715
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$	(521,127)	
Prepaid Bond Insurance		98,955	
Bonds Payable Within One Year		(1,140,000)	
Bonds Payable After One Year		<u>(31,805,390)</u>	<u>(33,367,562)</u>

Total Net Position - Governmental Activities	\$	<u>(11,066,487)</u>
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The accompanying notes to the financial statements are an integral part of this report.

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TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE
YEAR ENDED FEBRUARY 29, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 154,595	\$ 1,966,427
Penalty and Interest	257	3,119
Investment and Other	5,757	49,215
TOTAL REVENUES	\$ 160,609	\$ 2,018,761
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 92,850	\$
Contracted Services	32,729	3,200
Depreciation		
Amortization		
Other	17,188	
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Principal		845,000
Bond Interest		979,618
Bond Issuance Costs		180,624
TOTAL EXPENDITURES/EXPENSES	\$ 142,767	\$ 2,008,442
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	\$ 17,842	\$ 10,319
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	\$	\$
Refunding Bonds		2,990,000
Payment to Refunded Bond Escrow Agent		(2,958,019)
Bond Discount		(22,024)
Bond Premium		37,670
TOTAL OTHER FINANCING SOURCES, NET	\$ -0-	\$ 47,627
NET CHANGE IN FUND BALANCES	\$ 17,842	\$ 57,946
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MARCH 1, 2019	321,092	1,117,886
FUND BALANCES/NET POSITION - FEBRUARY 29, 2020	\$ 338,934	\$ 1,175,832

The accompanying notes to the financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,121,022	\$ 2,938	\$ 2,123,960
	3,376		3,376
4,975	59,947		59,947
<u>\$ 4,975</u>	<u>\$ 2,184,345</u>	<u>\$ 2,938</u>	<u>\$ 2,187,283</u>
\$	\$ 92,850	\$	\$ 92,850
	35,929		35,929
		341,859	341,859
		803,823	803,823
	17,188		17,188
2,588,263	2,588,263	(2,588,263)	
263,682	263,682		263,682
	845,000	(845,000)	
	979,618	36,693	1,016,311
288,095	468,719	(12,768)	455,951
<u>\$ 3,140,040</u>	<u>\$ 5,291,249</u>	<u>\$ (2,263,656)</u>	<u>\$ 3,027,593</u>
<u>\$ (3,135,065)</u>	<u>\$ (3,106,904)</u>	<u>\$ 2,266,594</u>	<u>\$ (840,310)</u>
\$ 2,950,000	\$ 2,950,000	\$ (2,950,000)	\$
	2,990,000	(2,990,000)	
	(2,958,019)	2,958,019	
	(22,024)	22,024	
13,596	51,266	(51,266)	
<u>\$ 2,963,596</u>	<u>\$ 3,011,223</u>	<u>\$ (3,011,223)</u>	<u>\$ -0-</u>
\$ (171,469)	\$ (95,681)	\$ 95,681	\$
		(840,310)	(840,310)
313,604	1,752,582	(11,978,759)	(10,226,177)
<u>\$ 142,135</u>	<u>\$ 1,656,901</u>	<u>\$ (12,723,388)</u>	<u>\$ (11,066,487)</u>

The accompanying notes to the financial
statements are an integral part of this report.

**TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES FOR THE
YEAR ENDED FEBRUARY 29, 2020**

Net Change in Fund Balances - Governmental Funds	\$	(95,681)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		2,938
Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital assets and intangible assets are depreciated and amortized and depreciation and amortization expense is recorded in the Statement of Activities.		(1,145,682)
Governmental funds report capital expenditures and intangible expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets and intangible assets are increased by new purchases and the Statement of Activities is not affected.		2,588,263
Governmental funds report bond discounts and premiums as other financing uses and sources and bond insurance as bond issuance costs in the year paid. However, in the Statement of Net Position, bond discounts, premiums and insurance premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.		(12,853)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		845,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(11,072)
Governmental funds report bond proceeds, bond premiums and bond discounts as other financing sources and uses. Issued bonds increase long-term liabilities and bond discounts/premiums decrease/increase long-term liabilities in the Statement of Net Position.		(5,969,242)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.		<u>2,958,019</u>
Change in Net Position - Governmental Activities	\$	<u>(840,310)</u>

The accompanying notes to the financial statements are an integral part of this report.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 1. CREATION OF DISTRICT

Travis County Municipal Utility District No. 15 (the “District”) was created, organized and established on March 12, 2002, pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code. The District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to employ peace officers, and after approval from the City of Pflugerville (the “City”), the Texas Commission on Environmental Quality (the “Commission”) and voters to establish, operate and maintain firefighting facilities within the District. Since the District lies within the City limits, the District must conform to a City ordinance consenting to the creation of the District.

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. 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. The Board of Directors held its first meeting on March 18, 2002, and the first bonds were issued on February 5, 2004.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (the “GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. The GASB has established criteria for determining whether or not an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation or amortization expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – The General Fund is used to account for the operations of the District and all other financial transactions not properly includable in other funds. The principal sources of revenue are related to property taxes. Expenditures include all costs associated with the daily operations of the District.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures. Recognition of tax revenues for the 2019 debt service tax levy has been deferred until the 2021 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of February 29, 2020, the General Fund owed the Debt Service Fund \$445 for maintenance tax collections.

Intangible Assets

Intangible assets, consisting of rights to receive water and wastewater service, are reported in the government-wide Statement of Net Position. Intangible assets are valued at the cost of water and wastewater facilities conveyed to the City and amortized over the term of the applicable service contract, which is 40 years from the execution date of the contract.

Capital Assets

Capital assets are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Capital assets, which the District constructs, are conveyed to the City, and therefore, are not recorded in the District's financial statements. Capital assets of the District, which consist solely of impact fees, are depreciated using the straight-line method over the following estimated useful life:

Asset Description	Estimated Useful Life
Water Impact Fees	20 years

See Note 9 for information concerning the construction and conveyance of certain assets to the City.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund – presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be "employees" for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 3. BONDS PAYABLE

	Series 2013	Refunding Series 2013A	Series 2014
Amount Outstanding – February 29, 2020	\$ 1,225,000	\$ 2,045,000	\$ 1,915,000
Interest Rates	3.00% - 4.00%	2.625% - 4.25%	3.00% - 4.00%
Maturity Date	September 1, 2020/2034	September 1, 2020/2030	September 1, 2020/2035
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2020*	September 1, 2020*	September 1, 2021*

	Series 2015	Series 2015A	Series 2016
Amount Outstanding – February 29, 2020	\$ 2,160,000	\$ 2,915,000	\$ 2,650,000
Interest Rates	2.50% - 3.75%	2.00% - 3.50%	2.00% - 3.00%
Maturity Date	September 1, 2020/2036	September 1, 2020/2037	September 1, 2020/2038
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2022*	September 1, 2023*	September 1, 2023*

* Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2013 term bonds maturing September 1, 2024, 2028 and 2034 are subject to mandatory redemption on September 1, 2021, 2025 and 2029, respectively. Series 2013A Refunding bonds maturing September 1, 2024, 2026, 2028 and 2030 are subject to mandatory redemption on September 1, 2023, 2025, 2027 and 2029, respectively. Series 2014 term bonds maturing September 1, 2023, 2026, 2029, 2032 and 2035 are subject to mandatory redemption on September 1, 2022, 2024, 2027, 2030 and 2033, respectively. Series 2015 term bonds maturing September 1, 2027 and 2029 are subject to mandatory redemption on September 1, 2026 and 2028, respectively. Series 2015A term bonds maturing September 1, 2025, 2027, 2029 and 2031 are subject to mandatory redemption on September 1, 2024, 2026, 2028 and 2030, respectively. Series 2016 term bonds maturing September 1, 2028, 2032 and 2035 are subject to mandatory redemption on September 1, 2024, 2029 and 2033, respectively.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 3. BONDS PAYABLE (Continued)

	<u>Series 2017</u>	<u>Series 2018</u>	<u>Refunding Series 2019</u>	<u>Series 2019A</u>
Amount Outstanding – February 29, 2020	\$ 8,375,000	\$ 6,000,000	\$ 2,990,000	\$ 2,950,000
Interest Rates	2.000% - 3.375%	3.000% - 3.625%	3.00% - 3.125%	2.00% - 3.00%
Maturity Date	September 1, 2020/2040	September 1, 2020/2041	September 1, 2020/2033	September 1, 2021/2042
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2024**	September 1, 2023**	September 1, 2024**	September 1, 2024**

** Or any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Series 2018 term bonds maturing September 1, 2041 are subject to mandatory redemption on September 1, 2040. Series 2019A term bonds maturing September 1, 2030, 2032, 2034 and 2036 are subject to mandatory redemption on September 1, 2029, 2031, 2033 and 2035, respectively.

The following is a summary of transactions regarding bonds payable for the year ended February 29, 2020:

	<u>March 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>February 29, 2020</u>
Bonds Payable	\$ 31,075,000	\$ 5,940,000	\$ 3,790,000	\$ 33,225,000
Unamortized Discounts	(409,347)	(22,024)	(75,581)	(355,790)
Unamortized Premiums	29,125	51,266	4,211	76,180
Bonds Payable, Net	<u>\$ 30,694,778</u>	<u>\$ 5,969,242</u>	<u>\$ 3,718,630</u>	<u>\$ 32,945,390</u>
		Amount Due Within One Year		\$ 1,140,000
		Amount Due After One Year		<u>31,805,390</u>
		Bonds Payable, Net		<u>\$ 32,945,390</u>

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 3. BONDS PAYABLE (Continued)

On April 2, 2019, the District issued \$2,990,000 of Unlimited Tax Refunding Bonds, Series 2019, with interest rates ranging from 3.000% to 3.125% to currently refund \$1,775,000 of its previously issued Series 2009 bonds and \$1,170,000 of its previously issued Series 2010 bonds in order to lower its overall debt service requirements. The net proceeds of \$2,961,772 (after payment of the underwriting fees, insurance, and other issuance costs and after a \$135,000 contribution from the District) were used for the following: \$2,958,019 was deposited with an escrow agent to provide the debt service payment on the portion of bonds refunded and \$3,754 was deposited in the Debt Service Fund future interest costs and bond issuance costs. As a result, \$2,945,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$13,019; this amount is considered a deferred inflow of resources and will be amortized over the life of the refunded debt which is shorter than or equal to the life of the new debt issued. The current refunding resulted in an economic gain of \$368,102 and an overall debt service savings to the District of \$410,552.

On August 8, 2019, the District issued \$2,950,000 of Unlimited Tax Bonds, Series 2019A, with interest rates ranging from 2.00% to 3.00%. The net proceeds of \$2,968,846 (after underwriter's discount and other issuance costs and a District contribution of \$282,000) were deposited with the District's investment accounts to reimburse the developer for construction costs and to pay for accrued bond interest and bond issue costs.

As of February 29, 2020, the District has authorized but unissued tax bonds of \$11,480,000 and authorized but unissued refunding bonds of \$32,308,332.

As of February 29, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 1,140,000	\$ 1,035,504	\$ 2,175,504
2022	1,300,000	1,000,235	2,300,235
2023	1,320,000	967,748	2,287,748
2024	1,350,000	933,631	2,283,631
2025	1,370,000	896,569	2,266,569
2026-2030	7,330,000	3,871,273	11,201,273
2031-2035	8,115,000	2,679,796	10,794,796
2036-2040	8,625,000	1,291,525	9,916,525
2041-2043	2,675,000	132,501	2,807,501
	<u>\$ 33,225,000</u>	<u>\$ 12,808,782</u>	<u>\$ 46,033,782</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 3. BONDS PAYABLE (Continued)

During the year ended February 29, 2020, the District levied an ad valorem debt service tax rate of \$0.38 per \$100 of assessed valuation, which resulted in a tax levy of \$2,132,542 on the adjusted taxable valuation of \$561,067,763 for the 2019 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for maintenance tax levy.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of the bond issues.

The District is required to provide continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District. The District files such information in accordance with the requirements of the Municipal Securities Rulemaking Board, then the Electronic Municipal Market Access (“EMMA”) system.

In accordance with the Series 2017 bond resolutions, a portion of the bond proceeds were deposited into the Debt Service Fund and restricted for the payment of bond interest. Transactions for the current year are summarized as follows:

Restricted for Bond Interest, March 1, 2019	\$	8,913
Less: Bond Interest Paid - Series 2017		8,913
Restricted for Bond Interest, February 29, 2020	\$	-0-

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$133,858 and the bank balance was \$137,762. The bank balance was fully covered by federal depository insurance.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at February 29, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 8,858	\$ 125,000	\$ 133,858

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. 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.” No person may invest District funds without express written authority from the Board of Directors.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act.

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

As of February 29, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 212,492	\$ 212,492	\$	\$	\$
Certificates of Deposit	125,000	125,000			
<u>DEBT SERVICE FUND</u>					
TexPool	2,769,403	2,769,403			
<u>CAPITAL PROJECTS FUND</u>					
TexPool	142,135	142,135			
TOTAL INVESTMENTS	\$ 3,249,030	\$ 3,249,030	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At February 29, 2020, the District’s investment in TexPool was rated “AAAm” by Standard & Poor’s rating agency. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investment of the Debt Service Fund are restricted for payment of debt service and cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for purchase of capital assets.

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

As of February 29, 2020, the District had the following capital assets:

	<u>March 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>February 29, 2020</u>
Capital Assets Subject to Depreciation				
Impact Fees	\$ 6,818,490	\$ - 0 -	\$ - 0 -	\$ 6,818,490
Accumulated Depreciation				
Impact Fees	\$ 3,757,622	\$ 341,859	\$ - 0 -	\$ 4,099,481
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,060,868</u>	<u>\$ (341,859)</u>	<u>\$ - 0 -</u>	<u>\$ 2,719,009</u>

In accordance with the utility agreement (see Note 9), upon completion of construction certain water and wastewater facilities have been conveyed to the City for operations and maintenance. As a result of the conveyance of these assets, the City agrees to provide water and wastewater services to the District, contingent upon customer payment for those services, which becomes an intangible asset of the District.

As of February 29, 2020, the District had the following intangible assets:

	<u>March 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>February 29, 2020</u>
Intangible Assets Subject to Amortization				
Right to Receive Service	\$ 22,115,639	\$ 162,384	\$ - 0 -	\$ 22,278,023
Accumulated Amortization				
Right to Receive Service	\$ 3,625,513	\$ 803,823	\$ - 0 -	\$ 4,429,336
Total Intangible Assets, Net of Accumulated Amortization	<u>\$ 18,490,126</u>	<u>\$ (641,439)</u>	<u>\$ - 0 -</u>	<u>\$ 17,848,687</u>

TRAVIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 15
NOTES TO THE FINANCIAL STATEMENTS
FEBRUARY 29, 2020

NOTE 7. MAINTENANCE TAX

On May 4, 2002, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.65 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District. During the year ended February 29, 2020, the District levied an ad valorem maintenance tax rate of \$0.0275 per \$100 of assessed valuation, which resulted in a tax levy of \$154,328 on the adjusted taxable valuation of \$561,067,763 for the 2019 tax year.

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. UTILITY AGREEMENT

The District and the City have entered into a utility agreement, effective March 7, 2003, which obligates the District to acquire, construct and extend certain water, wastewater and storm drainage facilities to serve land in the District. When completed, the District is required to convey such utility infrastructure facilities to the City. The City operates and maintains such facilities and is responsible for extending water and wastewater services to District residents and for establishing water and wastewater rates and collecting such charges for water and wastewater services from District residents.

NOTE 10. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.